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MANAGEMENT QUARTERLY

WINTER, 1961

A GUIDE TO BETTER MANAGEMENT

MANAGEMENT SERVICES DEPARTMENT

NATIONAL RURAL ELECTRIC COOPERATIVE ASSOCIATION

MANAGEMENT QUARTERLY

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Member Participation—How Do You Get It?

By JOSEPH G. KNAPP

As a cooperative leader, you have the problem of leading your members to participate more fully in their cooperative. How gratifying it would be if every member would talk up the services of his cooperative, avidly read the membership publication, attend every annual meeting, offer constructive suggestions and accept gladly individual assignments! Whenever you have members taking a lively interest, you have a thriving, growing cooperative.

Why Strive for High Participation?

I would like to list four benefits that accrue from high member participation.

First, many hands make light work. The effective organization is the one that uses every member's talents to full advantage.

Secondly, the active member is generally an informed member. He attends more meetings. He talks to more people. He participates in more decisions. Because of this experience, he is more disposed to have a sympathetic understanding of the cooperative's goals, its services, and its problems.

Thirdly, the participating member helps to keep the cooperative on the beam. He can advise management concerning members' views. He constitutes an important link in a two-way communication system between management and members. He gives life to the concept of democratic control.

Finally, the contributing member develops a personal sense of belonging which makes him want to do more business with his cooperative. This leads to increased volume and lower per unit costs.

Several techniques can be used to encourage member participation. Among these are: (1) person-to-person contacts, (2) membership publications, (3) annual membership meetings, (4) committee assignments, and (5) question-and-answer panels. The skillful leader will develop whatever is needed to fit the local situation.

Person-to-Person Contacts

Personal visits from farm to farm have helped build many of our most successful cooperatives. Recall the door-to-door canvasses that preceded the organization of many rural electrical associations. Without such personal efforts, rural America would not enjoy many of the benefits available today.

Person-to-person contacts are as important today as ever. As cooperatives grow in size and services it becomes more difficult to maintain contact between management and members.

Cooperative employees, directors, and members must serve as good will ambassadors and trouble shooters for their cooperative. This calls for a great deal more employee training and member education than before.

Every lineman, truck driver, warehouseman, secretary, bookkeeper, and other employee should be familiar with certain general facts about his cooperative. He should know its purposes and services and how his particular job contributes to achieving them. He should be enthusiastic about his job.

Similarly every member should be encouraged to take an active role in the affairs of his association.

Person-to-person contacts are a major

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factor in determining members' understanding and attitudes, and they are the primary source of information for members.

Every cooperative employee and member who talks to others is a potential salesman. No publicity is as effective as that coming from a satisfied member.

A number of leading chain stores have set up consumer panels to advise them regarding customers' likes and dislikes. Here is an idea which cooperatives can emulate to advantage.

Cooperatives rightfully dwell on the point that they are member owned and operated. Person-to-person contacts can help make this a fact!

Membership Publications

A prime requisite to an informed and understanding membership is an adequate system of periodic reporting. Issuance of a cooperative publication or newsletter is a practical means of gaining acceptance. Every cooperative will find a membership publication an essential means for effecting good member relations.

Our studies show that members rate the membership publication and person-to-person contacts far above all other media as sources of information about their cooperative.

A regular publication or newsletter has the distinct advantage of reaching every member. Special issues can carry a digest of the manager's report or discuss other timely topics.

Cooperatives have a vehicle in their membership publication that is unmatched. When other types of businesses wish to reach their patrons they must generally resort to some brand of advertising. This has obvious limitations. The difference between a member-owner and a patron is clearly evident. Cooperative leaders should capitalize on this advantage.

Cooperatives should be getting more mileage from their membership publication. One way to do this is to make the newsletter a channel for the expression of members' views. This can be done through articles and letters to the editor.

A number of cooperatives have made effective use of members and members' wives as local reporters. Managers should welcome this type of assistance to get news coverage.

Some cooperatives maintain special pages in their membership publication for women's activities and youth activities. Several make it a practice to publicize farm and home suggestions contributed by readers.

The membership publication need not be an elaborate one. Certainly it need not be a slick-paper edition. Some of the most effective examples have been inexpensive.

Annual Membership Meetings

The annual meeting for members is the high point of the cooperative year. This is a good time to size up how truly your cooperative belongs to its members. Does your annual meeting program provide for adequate reports from management to members? Does the program provide adequate time for discussion and questions?

A recent study by the Farmer Cooperative Service, **Membership Practices of Local Cooperatives,** shows that the percentage of members attending annual meetings is disappointingly low.

- Are the programs that are offered too routine?
- Is there too little opportunity for member expression?
- Do programs lack imagination and audience appeal?
- Are audio-visual aids used as frequently as feasible?
- Is proper balance given to business, education, and entertainment?
- Is there something to interest men, women, and young people?

Unless meeting announcements are interesting, the chances are four to one that the member will not bother to attend. Those who do come must be satisfied if they are to return. A good way to insure that the program contains items of interest to everyone is to have members represented on the program planning committee.

Member's Viewpoint Important

One point at which the annual meeting often falls short is in the method of electing directors. This should be done as democratically as possible. The appointment of a nominating committee to seek out well-qualified members who are willing to serve is extremely desirable. Members like to be presented with a choice of candidates. If they are to vote intelligently, they must have an opportunity to know the qualifications of the candidates. The entire election must be conducted in a manner that is clearly above reproach.

Our membership studies show that the cooperative manager attaches a great deal more importance to the annual meeting as a means of keeping members informed than do the members themselves. This reflects an understandable difference between the manager's point of view and that of the average member.

The manager in most instances feels a heavy responsibility for planning and conducting the annual meeting. Thus, it is only natural that he attach major importance to this event.

The average member has a much less spectacular role in such meetings. His opportunity to participate may be so limited that he feels it useless to attend. To the extent that this happens, the annual meeting fails to obtain its objective, and precious opportunity is lost.

The fact that members rank the annual meeting below the membership publication and person-to-person contacts does not mean that the annual meeting is unimportant. It simply confirms the axiom that no single medium of communication is sufficient to reach all the members. Cooperatives must rely on a variety of devices repeated at frequent intervals.

Moreover, the annual meeting program must be good enough to compete successfully for members' time.

Members at Work

The accepted American way of putting folks to work in a constructive way is to name them to a committee. Cooperatives employ the same technique.

The most significant committee of all, of course, is the Board of Directors which is elected by the members. This Board appoints the general manager and decides the general policies of the association. This is member participation at its highest and most responsible level.

A number of regional cooperatives have established official advisory committees in the districts of their membership area. These committees serve a liaison function between the members of the district and the Board of Directors. These committeemen frequently become elected directors following their advisory experience.

At least one large regional farm supply cooperative has established a successful network of Farm Home Advisory Committees. Each local association elects a committee of six women in the same manner as it elects a Board of Directors of six men. These committeewomen assist the local manager in selling the cooperative and its services to their neighbors. They help to conduct how-to-do-it demonstrations, cooperative tours, good neighbor nights, and other projects. They attend at least one training meeting annually. This program is conducted under the supervision of a full-time professional employee in the Membership Relations Department. Each committeewoman receives an attractive handbook outlining suggested activities.

Another type of committee that is particularly effective in enlisting member participation is the annual meeting planning committee. This is a committee of representative employees and members that is charged with planning and conducting the yearly membership meeting. This general committee may delegate many of the details to various subcommittees, involving many additional members and employees. If you are looking for ways to involve members constructively, this is a good place to begin.

What Do the Members Think?

A first principle of good cooperative management is that members be afforded an opportunity to make suggestions and ask questions. They should not only be permitted to ask questions, they should be encouraged to do so.

Many cooperatives miss a golden opportunity by not providing sufficient time for discussion and questions at the annual membership meeting. Often the members would rather share in a good question and answer panel than to listen to a not-so-good outside speaker.

A number of cooperatives handle this matter admirably by setting aside from one to two hours at each annual meeting for a forum. One large cooperative uses the "buzz session" technique with excellent results. When the members stream into the room for their mid-day luncheon, they are seated six to a table. Each group is asked to come up with a question they wish discussed by a panel of the management staff that afternoon. Later, a moderator refers each question to the appropriate person for explanation or discussion. These sessions give members a chance to get things off their chests and to become better acquainted with the key employees of their cooperative.

A variation of the above is to arrange

for a panel of selected individuals to discuss some timely topic. After an introductory period in which the panel members present their ideas, the topic is opened for discussion from the floor. In this manner, participation by members is further encouraged.

These discussion techniques are more fully described in Our Farmer Cooperative Service circular, **Making the Most of Your Annual Meeting.**

THUS THERE ARE MANY WAYS TO BUILD BETTER MEMBER PARTICIPATION. WHAT ARE YOU DOING ALONG THESE LINES?

NOTE: Appreciation is expressed to Oscar R. LeBeau, Membership Relations Branch, Management Services Division, Farmer Cooperative Service, for material assistance in the preparation of the above article.

The Staffman — Scientist or Soothsayer?

By TRUMAN BENEDICT

THE ROLE of the staffman in the decision-making process is to put information in perspective for the managers who must make decisions. His is the role of putting timely, accurate, previously unknown facts relevant to a problem requiring decision in relation to each other and to the problem, and to communicate this information to the managers who must decide. Whatever else the staffman may elect to do, or be required to do, this is his basic reason for being.

Staffwork is a means to an end, not an end in itself. In the decision-making process, it is a means for putting information in perspective for those who must make and effectuate management decisions. The staff role then is primarily a role of service to management.

• The staffman's position confers no organizational authority upon him. His sole authority is the "authority of ideas" and expertness of knowledge. The authority then is a nebulous one, and dependent solely upon his personal capabilities and his ability to sell ideas.

• The staffman is responsible but without authority to command. Yet his responsibility is inherently formidable because good staff work is fundamental to good management.

• The staffman must evidence creative leadership among people not under his authority but whom he must serve exceptionally well if the meshing together of the management fabric is to be achieved. The legitimate common denominator of his service is exemplified in the decision-making process: It is to put information (timely, accurate, relevant data previously unknown) into perspective and to communicate it to those who must decide and act on matters to which the information is relevant.

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Reduce Filing Costs

More than one and a quarter trillion pieces of paper, each of which costs about a cent a year to store and maintain, are in the files of American industry today. Most of these papers could be destroyed or moved to lower cost record storage areas. This is one way in which any business, large or small, can plug a significant drain from its resources and free clerical employees for more economically productive work.

What is the situation in your files? Have you recently scrutinized your files, destroying unnecessary material, transferring records which must be retained to lower cost storage areas and making sure remaining material is filed in the best possible manner? Such a program can pay rich dividends in decreasing office costs and increasing office efficiency.

management briefs

Job Evaluation Successful

■ Job evaluation plans, unscientific though they are, have come a long way toward winning management favor as a way of deciding on wage relationships in the plant. That is the conclusion reached by the management consulting firm of George Fry & Associates after surveying more than 500 companies that have such plans covering 65% of their hourly workers.

Survey results indicated 97% of the companies surveyed by Fry would install a job evaluation program if they had to do it again. More than 90% of the companies considered their present plans at least "rather successful."

The job evaluation idea also has some union fans, the survey shows. Eleven per cent of the plans covered in the survey were set up at union request, and in 34% of the companies the union helped pick the plan to be used. The programs were more often "highly successful" when the unions had representatives on the job evaluation committees.

Condensed by special permission from Business Week October 29, 1960, page 75.

Managers on the Move

■ Management personnel can move readily from one job to another, says Theodore O. Yntema, Vice President of Finance, the Ford Motor Company. The existence of basic management skills and abilities widely useful and transferable from one field of work to another is clearly indicated by the evidence.

Many men prepare for one career but shift with little or no handicap to another. Managers move from one kind of job to another—often with greater success than if they specialize in one type of work. People who were successful in teaching and research have moved easily to success in business. Consultants tackle problems with which they have little prior acquaintance and solve them readily.

It is impressive how much the requirements for various jobs have in common, particularly at the management level, and how easy it is in most instances to pick up the specialized knowledge in a particular field.

From "The Transferable Skills of a Manager", August, 1960 issue of the "Journal of the Academy of Management."

Job Descriptions and Union Relations

■ Job descriptions are meant to be guides, not strait jackets, arbiter Harry H. Platt rules. Ordinarily they do not impair your right to make work assignments to employees, he adds.

A foreman instructed two loaders to copy certain information from shipping tags on products moving through their department. The men refused to do the extra chore on the ground that their job descriptions didn't include paper work. After trying unsuccessfully to persuade the employees to follow orders, the company discharged them.

The umpire holds that the employees were obliged to do the work assigned to them. At least in the case of production jobs, he says, job descriptions as a rule merely list the principal job duties for classification purposes; they are not intended to freeze job content. So management is free to change existing assignments or add new ones, and employees must perform assigned tasks, saving their protests for the regular grievance channels.

At the same time, the umpire felt that discharge was too stiff a penalty in this particular case. He ordered the employees reinstated, but without back pay.

Reprinted by permission from Labor Policy and Practice Bulletin to Management, July 14. 1960, Bureau of National Affairs, Inc.

Changes in Supervision...

Motivation—Not Force

By THOMAS W. SMITH

UNTIL comparatively recent years, the type of leadership displayed by management was of an autocratic nature. The manager was judged by the decisiveness with which he made decisions, his authoritarian knowledge of all subjects and all things, and his ability to give orders requiring subservient obedience and respect. It was not for the employee "to reason why" but to carry out orders whether or not he understood why.

This type of management was usually what we today refer to as "work centered." The leader was the law; his will was not to be questioned. His chief concern was to get the work out in a manner he determined best. He thought of the worker only as a means of obtaining production—not as a source of ideas and suggestions—a person who could help him make his job easier and who could, by implementing his ideas, increase productivity. This type of manager was inclined to be self-centered, dictatorial and completely unable to delegate work to or to trust subordinates.

During recent years the picture has changed, and we have entered the period of consultative management where the ideas and suggestions of the employees are sought, encouraged and used.

Employees Change

There has been a change in the employee, too. As we get farther away from old world influence the employee has become more aggressive and less afraid of his employer. More important, however, has been the educational change that has taken place in the American worker in the last generation. The median education for the total male labor force is now 12.0 years, and 9.7% of the male working force is of college graduate level.* With this more literate worker we now have workers better equipped to accept greater responsibility, to make better suggestions and to carry them through to completion. He is also less inclined to blindly follow orders. Today's worker is better equipped than ever before to offer vauable suggestions and assistance to his employer. Employers who fail to capitalize on their employees' abilities are actually penalizing themselves and their organization.

There are still managers who resist consultative management and feel that the only way to accomplish work objectives is through more authoritarian leadership on the part of the "boss." Could this resistance be due in part to a lack of understanding of "participative management"? Consultative management recommends delegation but not abdication. Final responsibility will always rest with the manager—this is something he cannot delegate or escape.

Good Delegation Important

Although final responsibility rests with the manager, with increasing job complexity it is humanly impossible for him to attempt to do everything himself. It is a sign of leadership ability for the manager to surround himself with competent people and then permit them to carry out their duties within the broad framework of policies or general orders. He offers suggestions but does not attempt to direct every detail.

He gives his subordinates credit for being able to determine the most efficient way to carry out his general instructions. He naturally expects to be kept up-to-date on progress and accomplishments and other things of which he should be cognizant. He does not, however, expect or need to be informed of every minute detail followed in the accomplishment of the objective. This is a waste of valuable time on the part of both the supervisor and subordinate and a reflection on the ability of the subordinate.

Since much has been written and spoken about "democracy" in management in recent years, many managers have become greatly confused. The new philosophy of consulting subordinates is contrary to the philosophy under which many managers were trained. They have often mistaken consulting and delegating to be turning

* *Monthly Labor Review*, February, 1960

over all decisions to subordinates. Where this happened, chaos has often developed.

The manager is still the person in charge and responsible for the actions and the quality of the decisions of his subordinates. His subordinates look to him for leadership and guidance. They also want recognition of their worth as human beings. They want to make or assist in making those decisions that they are in a better position to make because of their close association and familiarity, but they want to feel that the boss is backing them up. They do not want to become the victim of "buck-passing."

They want to be consulted in decisions where they have something to contribute and not burdened with those about which they know nothing or cannot be given all the available facts needed. Their main concern is to be consulted on matters affecting them and their work and to feel their opinions are respected.

Building the Management Team

The wise manager, in deciding how much and what to delegate to subordinates and what to discuss with them, will have to consider many factors. What is the educational, intellectual and experience level of the employee? Is the employee a career employee or only hanging around for a short period of time? How much confidence does he have in the employee? How much vital information necessary to make a sound decision is he at liberty to disclose?

Does the manager himself have enough feeling of security of his own position to show a willingness to consult others and accept the risks that may be involved? Do the employees show a willingness to accept responsibility? Is running a one-man show essential to the manager's own ego satisfaction? There are some of the things the manager must consider.

Professor Rensis Likert, reporting on an attitude and motivation study done by the Institute for Social Research, University of Michigan, states: "This study study demonstrates clearly that those managers who have a favorable **attitude toward men** score achieve significantly higher performance than those managers who have an unfavorable score. Managers who have a supporting attitude toward their men and endeavor to build them into well-knit teams obtain appreciably higher productivity than managers who have a threatening attitude and rely more on man-to-man patterns of supervision.

"These research findings, therefore, provide a pattern of results which confirms central concepts of the modified theory of management. These results demonstrate that, on the average, pressure-oriented, threatening, punitive management yields lower productivity, higher costs, increased absence, and less employee satisfaction than supporting, employee-centered management which uses group methods of supervision coupled with high-performance expectations." **

TOM SMITH was in charge of the Management Development and Training program for the Kroger Company general offices, Cincinnati, Ohio, prior to coming to NRECA. For ten years prior to this, he was head of the Management Department and Associate Professor of Management, University of Arkansas. During this same period he was Management Consultant for the Bureau of Business and Economic Research, University of Arkansas. He received a B. S. in education from Missouri State College and an M. S. in management from the University of Colorado.

The successful leader is one who can recognize the limitations on his own time and ability and then determine which things he alone can do and which things can be delegated to others who can do them as effectively or better. He must be able to determine when he alone must make a decision and when others can be included in making it. Always he must be aware of the effect of his actions on building a strong team working in harmony to accomplish the objectives of the organization. By paying more attention to his subordinates and consulting with them whenever feasible, he can look forward to greater loyalty and productivity.

** Rensis Likert, MEASURING ORGANIZATIONAL PERFORMANCE, *Harvard Business Review*, March-April, 1958

THE LABOR FRONT

Which Rural Electric Employees Are Exempt From the Federal Wage-Hour Law?

(EDITOR'S NOTE: Many rural electric systems have raised questions about which employees are exempt from the Federal Wage-Hour Law. The following, which is a digest of applicable Federal regulations, should prove to be a valuable guide and reference.)

FEDERAL Wage-Hour Law applies to employees engaged in or producing goods for interstate commerce. It requires a minimum wage of $1 an hour and overtime pay of time and one-half of the employee's regular rate for all hours over 40 in a workweek. However, bona fide executives, administrative employees and professional employees are exempt from the minimum and overtime requirements of the Federal Wage-Hour Law if they meet the tests in the regulations, Part 541 of the Wage and Hour Division.

Exemptions

The Act specifies that employees in the following categories shall be exempt from both the minimum wage and overtime requirement: (1) executives, (2) administrative employees, and (3) professional employees. The Administrator of the Wage and Hour Division is expressly authorized to define and delimit these exempt classifications. His definitions accordingly have the force of law as long as they are not set aside by the courts as arbitrary or capricious.

Whether an employee is exempt depends on his **duties and responsibilities, and in some cases his salary. His title alone does not make him exempt.** Whether any employee is exempt depends on the facts in his particular case.

EXECUTIVE EMPLOYEES

An executive must meet all these tests to be exempt:

- His primary duty must be management of the establishment or a recognized department.
- He regularly must direct the work of at least two full-time employees.
- He can hire and fire or recommend hiring and firing.
- He regularly must exercise discretionary powers.
- He must devote no more than 20% of his workweek to non-exempt work.
- His salary must be at least $80 a week.

Primary duty, as a general rule, means the work the employee spends more than half his time doing. Managerial duties are those done by the employee in managing his department or supervising the workers under him. Here are some examples:

- Interviewing, selecting, and training employees.
- Setting and adjusting pay rates and work hours.
- Directing, planning and distributing work.
- Keeping production records for use in supervision.
- Evaluating workers' efficiency and productivity.
- Handling employees' complaints.
- Disciplining workers.
- Determining techniques.
- Deciding on types of materials, supplies, machinery, or tools.
- Controlling flow and distribution of materials and supplies.
- Providing for safety of men and property.

by Walter Clayton

Non-exempt work includes, for example, the following:

- Keeping production records for workers under his supervision.
- Doing the same kind of work as employees under his supervision (working foreman) doing any production work, even though not like that done by employees under him, which is not a part of the supervisory function.
- Checking and inspecting goods as a production operation, rather than a supervisory function.
- Repairing machines, as distinguished from an occasional adjustment.
- Preparing payrolls.
- Performing routine clerical duties, such as bookkeeping, billing, filing, operating business machines.
- Doing maintenance work.
- Cleaning around machinery.
- Taking an employee's place, except in emergencies.

There is an exception to the 20% test on non-exempt work, if the employee is in sole charge of the whole establishment.

An executive who earns at least $125 a week is exempt if:

- He regularly directs the work of at least two full-time employees, and
- His primary duty is management of the establishment or a department. The 20% test on non-exempt work does not apply to such an executive. Mechanics, carpenters, or craftsmen of other kinds are not exempt under the proviso no matter how highly paid they might be.

ADMINISTRATIVE EMPLOYEES

There are three types of administrative employees:

- Executives and administrative assistants, such as executive secretaries, assistants to the general manager, confidential assistants. These employees assist an executive in responsible duties but do not themselves necessarily have executive authority.
- Staff employees who are advisory specialists for management. Examples: wage rate analysts; heads of one-man departments such as safety directors, and personnel managers.
- Those who perform special assignments, often away from the employer's business place. Examples: management consultants, lease buyers, and utility company field representatives.

To be exempt, these employees must meet the following tests:

- Their primary duty must be responsible office or non-manual field work (in other words "white collar" work) of substantial importance to management or operation of the business, and
- They customarily and regularly must exercise discretion and independent judgment as distinguished from using skills and following procedures. They must have power to make important decisions, and
- Spend no more than 20% of their workweek on non-exempt work—that is, work not closely related to their administrative duties, and
- Earn at least $95 a week in salary or fees.

Some examples of employees who are **not** exempt are: time study men, bookkeepers, average private secretaries, receiving and shipping clerks.

An administrative employee who earns at least $125 a week is exempt if:

- His primary duty consists of responsible office or non-manual field work of substantial importance to management or operation of business, and
- His work requires the use of discretion and independent judgment.

The 20% test on non-exempt work does not apply to such an administrative employee.

PROFESSIONAL EMPLOYEES

To be considered for the exemption of a learned professional, the employee's work must require advanced knowledge in a

field of science or learning, usually obtained by a long course or specialized intellectual instruction at a college or university. However, the mere possession of a degree does not automatically exempt the worker. The employee's primary duty must be to perform such work in a field of learning such as law, accountancy (CPA), engineering, architecture, or teaching.

To be exempt a learned professional must:

- Consistently exercise discretion and judgment, and
- Do work that is mainly intellectual and varied, as distinguished from routine or mechanical duties, and
- Spend no more than 20% of his workweek on activities not closely related to his professional duties and earn at least $95 a week in salary or fees.

An employee who earns at least $125 a week is exempt if his primary duty is learned professional work which requires constant discretion and judgment. The 20% test on non-exempt work does not apply to such a professional employee.

Determining Overtime Hours

Employees who are entitled to the benefits of the pay provisions of the Federal Wage and Hour Law must be paid for all hours worked. Here are some of the important rules on what time to count when computing minimum wage and overtime pay. Hours which count as worked:

- All time the employee is required to be at a place of work or on duty:
- All time the employee spends working on his job with management approval. Under the Federal Wage and Hour Law the employee should be paid for all the time he spends:
- Doing his job or getting ready to work. This includes such make-ready work as laying out his own work or that of another employee and learning his job. While learning, he should be paid for watching others as well as for doing the work himself. He should be paid for correcting his or other's work, preparing time sheets, work tickets and production sheets.

Hours should also be counted as worked if, during a breakdown time, the worker must stand by until the breakdown is repaired and if he is assigned another task during the breakdown. The hours are counted if the time is too short or its length too indefinite for the worker to use the time effectively for himself.

Travel Time May Be Work Time

The hours are counted as work time if:

- The employee drives a vehicle or rides as a helper while on the employer's business.
- The worker has to travel from job to job during the workday.
- The worker is called upon to make an emergency trip outside regular working hours.
- The worker is given a special one-day assignment in another city.
- An employee, on a trip that takes him away from home overnight, travels during his regular working hours or the corresponding hours on Saturdays and Sundays.

The hours are not counted as working time if:

- The worker is told during the breakdown that he may leave for a specified time and that time is long enough to use effectively for his own purposes.
- The worker is waiting to be hired or waiting on his own initiative to see if work will be available.
- The worker is told he is free to leave for a definite time, which is sufficiently long for effective use.

Recording Time Worked

The law requires that a record be kept of hours worked in each workday and each workweek. Any method of keeping the records is all right as long as it is accurate and shows all hours worked. Time clocks are good means of recording work hours but they are not required. If there is a time clock, note that in addition to the time card punches, hours worked in the workday and workweek should be written down. These figures may be noted on the time card itself or on another record.

The time card punches often do not show the true hours of an employee's work. Many times, workers arrive early at the plant for personal reasons and punch in right away, but they don't start work until their shifts begin. This kind of early punching may be disregarded in recording hours worked. On the other hand, a worker who punches in and out with his shift may set up machines, make repairs before or after punching. In that case, the time during the make-ready work should also be counted. This also would be true of work done during lunch hour.

Engineering Contributes To Lower Costs

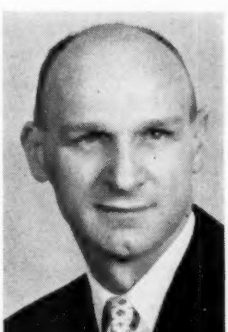
By VINCENT P. SLATT

Manager, Inland Power & Light Company, Spokane, Wash.

ENGINEERING at Inland Power & Light is a versatile division. Our Engineering Division consists of all personnel who are not in the Public Relations Division or under the supervision of the Office Manager. It includes not only the engineers, but also the maintenance supervisor, electronics technician, service supervisor, work order clerk, staking crews, and all linemen. It is our largest division—of the 48 employees of Inland, 32 are found in this group.

Similar to most systems, our Engineering Division has a long-range plan. We try to keep abreast of new developments. Regulators and capacitors are used to provide voltage regulation and our sectionalizing program has saved our system thousands of dollars by eliminating outages due to temporary faults. None of the above pose any problem to an engineer if he has the time to work out their solution. Technical books, papers and REA engineering memos provide an abundance of material so that the engineer can develop the best and most economical design for the system.

In a co-op, however, there are many minor, recurring problems which, because of the technical aspect, must be solved by the engineering division. Usually, their solution requires no more than a knowledge of the facts and access to standard engineering tables and costs. These problems will probably be very familiar to co-op managers and engineers. Here's how Inland Power & Light solved some of them.



VINCENT P. SLATT has been manager of Inland Power & Light for one year. For the previous 11 years, he held the position of Chief Engineer at Inland, and during this time has attended eight of the NRECA management institutes. He holds the degree of Bachelor of Science in Electrical Engineering from the University of Notre Dame.

Developing a Current Transformer Policy

Until 1955, current transformers were installed at Inland's expense for any existing or contemplated load of 200 amps. This obviously could become a very expensive program, so a problem-solving conference was held to see what could be done. The group decided to recommend that a policy be adopted which would require the member requesting this type of metering to contribute $125. For this contribution, Inland would provide both labor and material for the complete installation. Since a very high percentage of these were for meter poles, the fee was cheaper than what a normal 200-amp self-contained meter loop would cost. The policy was adopted and the program was very well accepted. To date, over 250 current transformer metering installations are in operation.

Notarizing signatures on easements and state wiring cards was a problem. However, the situation has been improved since we made one man in each of our engineering, service, and construction crews a Notary Public. This eliminated many extra trips "to get that signature." It saved money, improved relations, and gave members in rural areas access to another Notary.

Violating Code Book Provisions

Do contractors and builders violate code book provisions when installing temporary meter loops?

Definitely. In the state of Washington, the utility is not allowed to connect a temporary meter loop unless it meets the state code. It seems that our service crews were averaging two trips to each connect and spending considerable time explaining what was needed for the loop to meet code.

At our regular Engineering Division

meeting, the electronics technician, Curt Taylor, suggested that we build and supply a suitable temporary meter loop and rent it to the prospective builder for $1 per month. The idea was adopted and properly constructed loops were made with boxes supplying both 120 and 240 volt outlets. To date, 75 of these units are in use and an additional 25 will probably be necessary to meet the summer construction demand.

Standardizing Charges

Whenever possible, we standardize costs. For instance, we will remove a service from a house and install a meter pole for $28. We install current transformers for $125, and a yard light for $2.50 per month rent. These standard costs are easy to explain to members and certainly go along with the cooperative thinking of treating people alike. Since we do not charge the member living 30 miles from the substation more for his electricity than the member living one span from the substation, we feel that, wherever possible, flat or standard charges should be adopted.

To facilitate billing, we have a printed form that is used on all jobs requiring payment. This form, filled out by the employee, explains what is to be done and the cost involved. The form is given or mailed to the member for his approval and signature. Agreeing beforehand on what is to be done and on what the cost will be is one good way of avoiding arguments and ill feelings which arise from verbal misunderstandings.

Preventive Maintenance

Our co-op does not have separate maintenance, service, and construction crews. The same crews do all three types of work. If they are building a tap, they become the construction crew; when gathering information for the office, they are the service crew; and, when tightening hardware, they are the preventive maintenance crew. Because someone is usually "prodding," the construction and service work gets done. However, preventive maintenance is always put off to another day.

For years, we tried to get our crews to do preventive maintenance when they had no service or construction work, but this resulted in getting only those calls where visible maintenance was necessary, such as chipped insulators, loose guys, or stranded conductors. Last year, our maintenance supervisor, Carl Smith, came up with the following idea: Every Tuesday and Thursday of each week, all crews of Inland would do preventive maintenance. Construction stops and routine operations are postponed until Monday, Wednesday, and Friday. Only outages are considered as emergencies that pull crews from this program. Starting at each substation, the crews go from pole to pole until all three phase backbone lines are maintained.

To date, both in costs and amount of line covered, this plan is most satisfactory and much better than our most optimistic estimates.

Every Thursday morning at least one hour is spent with all engineering department heads meeting with the chief engineer. Here reports are given and all work orders written during the week read so as to coordinate work between departments. Periodically, a lineman is asked to sit in with the group and take part in the discussions. These meetings have been most productive and, during 1959, over 74% of the ideas suggested were ultimately adopted.

Standardization Speeds Work

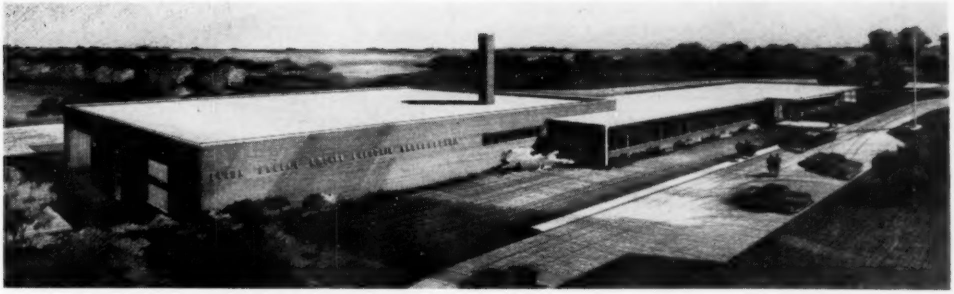
First, standard material units such as cutouts, arrestors, insulators, etc., were selected. These are the best of those approved by REA Technical Standards and they, of course, facilitate purchasing. Secondly, we publish engineering memos which establish certain practices to be followed by all personnel involved. Memos issued cover such subjects as:

- Fuse sizes for various sizes of transformers and capacitor banks.
- Standards governing use of lightning arrestors.
- Minimum size and class pole for transformers, regulators and capacitor stations.
- Construction practices regarding: (a) Anchors (b) Guys (c) Transformer jumpers (d) Wound service wire, and (e) Meter pole conduits sizes and lengths.

Local conditions have great influence on any procedure or memo, and competition will tax the ingenuity of all personnel in the organization.

Because of the nature of its work and its almost constant contact with the members, the engineering division can be most helpful in presenting ideas which can help smooth the overall operation of the co-op.

Versatility is indeed the key to engineering success at Inland Power & Light!



Sioux Valley Empire Electric Association at Colman, S. Dak., an example of modern functional design.

The Building and the Architect

By HAROLD SPITZNAGEL

Fellow, American Institute of Architects

THE following thoughts are the result of my experience and conclusions in having designed several rural electric headquarters buildings and of observations of countless others. No small number of these buildings are skillfully planned and make a very favorable impression upon the passing motorist even though he may have no other connection whatsoever with the structure he has observed. As public relations is an important factor in the rural electric program—and there are few that would doubt this—then the visual impact of the headquarters building assumes considerable importance.

Certainly, if the cooperative were to rent a comparable display area from an outdoor advertising firm the cost would be considerable. Yet, in the construction of many of the buildings, this factor is completely ignored. The only possible way that a satisfactory visual impression can be obtained is by having the structure carefully studied and designed by a capable architect. This is not a project for the manager, for the engineering staff, or the contractor if satisfactory results are anticipated.

Confidence in Architect

Naturally, the cooperative should carefully study the qualifications of the architectural firms under consideration for the assignment; but once he has selected a firm he would do well to heed the advice of his architect so long as he provides the facility that the cooperative requires. It would be well before engaging an architect for a project, to make sure that you have COMPLETE CONFIDENCE in the firm selected to design the building, for without this relationship the management will do nothing but hamper the work of the architect with the resultant penalty from so doing.

Too frequently an owner, when finding himself in possession of the funds necessary to construct a building, cannot get the building completed quickly enough. The client often forgets, or does not wish to remember, that once the building is constructed, its faults and its virtues will be there to confront him for the next 40 or 50 years. It is well, then to employ the best available talent and give the architect ample time to thoroughly study the program.

While the above thoughts are concerned primarily with the APPEARANCE of the building, the spacial arrangement, the circulation within the building, and the provision for future expansion are all factors which deserve study. The topography of the site and the orientation of the building are of equal or even greater importance.

Look at Long-Range Costs

Too frequently, the owner will decide that he might well "SAVE" the architect's fee by proceeding with inadequate, ill-con-

ceived and sketchy drawings. The folly of such a conclusion is often realized much too late. The funds that he saves in lower initial costs frequently are dissipated in increased maintenance and unsatisfactory performance over the years.

Careful consideration should be given to the cost and permanence of the materials recommended and specified by the architect. Frequently a material which appears to be identical to another product will not only outwear the other material, but will be much simpler to maintain throughout the life of the building. This is particularly true of finish materials for corridors, floors, and ceilings. Unfortunately, the owner frequently asks about the cost per square foot for a particular material and makes a decision purely on the basis of initial cost rather than the ultimate cost. A decision so made may well be the source of annoyance for many years and in the end, prove to be much more costly than what it had appeared to be.

Color Pays Dividends

I believe that the least expensive investment that a client can make and one that will pay the biggest dividends is the proper selection of color for the various surfaces. As a rule, one color does not cost more than another and where the selection is made by a designer skillful in these matters, an important contribution to the appearance of the building can be made.

On the other hand, where the problem is not well thought out—and here I refer to the selection of materials such as ceramic tile and colored materials which are ordered well in advance of completion of the building—an unfortunate result is unavoidable. The colors must be correlated in design and the proper selection must be a matter of concern from the time the contract is awarded until the building is occupied.

While I am sure that the members and visitors to the building would not be favorably impressed by an extravagant expenditure of funds, they would probably have a favorable reaction to an attractive, friendly, substantial structure.

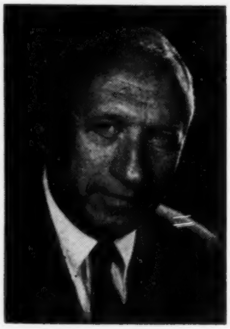
Power Use

Amazing as it may seem, the client does not ALWAYS exploit the product which he sells. Frequently in a burst of ill-considered economy the owner will not give thoughtful consideration to the installation of a central air conditioning system. The result of this type of thinking is that it is not long after the arrival of the first really hot, humid day that unit air conditioners are hastily purchased. To add to the dilemma in which the owner now finds himself, he may well not have provided adequate electrical service at the point at which the unit is to be installed. Even if he has foreseen this condition, a series of small projecting units adds nothing to the appearance of the building and is not as satisfactory as a central system.

I have no quarrel with window unit air conditioners as such, but it would seem that in the construction of a new building, the owner should give careful consideration to the areas which are to be air conditioned and the method by which this is to be accomplished.

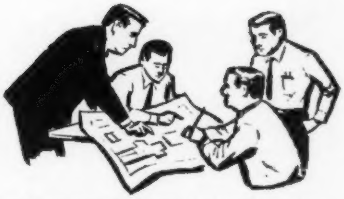
In conclusion, I would urge that before undertaking a building program, the owner engage a capable architect, advise him honestly as to the funds which he expects or can expend on the construction and, most important, clearly state the requirements of the building. The architect will have relatively little knowledge of the operation and thus the needs of the client, and the success or failure of the venture could conceivably rest on the clarity with which the client can convey this thoughts to the architect.

HAROLD SPITZNAGEL established the firm of Spitznagel & Associates in Sioux Falls, S. Dak.,



in 1930. He is a member of the National Public Relations Committee of the American Institute of Architects, the Commission on Architecture of the National Council of Churches of Christ in the U.S.A., as well as director of the North Central States Region of the American Institute of Architects. His articles have appeared in many architectural and home magazines.

methods improvements



Correcting That Mistake

■ A boon to stenographers and typists is the new magic-like correction technique called Ko-Rec-Type, a product of the Easton Carbon and Ribbon Corporation, 170 Tilery Street, Brooklyn, N. Y.

This innovation in making corrections on typewritten material through a plastic transfer process eliminates the need for erasures in that it effects a complete reconstruction of the paper surface. You can type over the same writing surface and the correction cannot be detected, even on close scrutiny.

This procedure should prove a fine methods improvement for the office.

How to Cut Meter-Reading Costs

■ Considerable savings have been reported in meter-reading costs by John R. Dolinger, General Manager of the Cumberland Electric Membership Corporation, Clarksville, Tenn. The system had previously been using nine pick-up trucks for meter-reading but, in an economy move in October 1959, they replaced two of the trucks with Nash Metropolitans and plan to replace the other trucks with compact cars.

The transportation costs of these smaller, more maneuverable vehicles have cut fuel costs by 40% to 50%, with an accompanying decrease in repairs and tire expense. According to Dolinger, the smaller size cars greatly facilitate driving in and out of traffic lanes and reaching hard-to-get-at locations.

Drive-In Collection Window Pays Rich Dividend

■ Fifty thousand day payments and more than 28,000 night payments have passed through a small hole officially referred to as a "poorman's pay window" by R. P. Luse, manager of Hancock-Wood Electric Cooperative at North Baltimore, Ohio.

The improvised bank-type drive-in window, installed at a cost of $25 as an economy expedient when the present building was constructed in 1952, has been a real convenience to consumers, according to Manager Luse.

A carport arrangement abutting the main building, with lower half of the office window consisting of a 5½ by 10-inch sliding door in slots built into the lower sash, comprises this ingenious drive-in collection counter.

The sliding door is provided with a convenient receptacle for payment envelopes which are then completed and thrust through the aperture, falling into a receptacle on the lower side of the office wall adjacent to the cashier's desk. During the day, the sliding panel can be operated from either side. However, at night the sliding door is locked into position with only the shute available for deposit of items on a non-returnable basis.

Consumers have been enthusiastic in their praise of the improvised device as a convenience to them, says Manager Luse, who feels that this is just another example of improvement in consumer services.

"Poorman's pay window" in operation at Hancock-Wood Electric Cooperative, North Baltimore, Ohio.

Success Formula for Your Secretary

By EVELYN G. DAY
President, National Secretaries Association

LET us take a good look at today's secretary. She has come a long way since the 1890's when she first appeared in an office. She is a combination of the old and the new in that she has retained her charm and her femininity, but she has developed a degree of smartness, freedom of activity, an analytical mind, and a sense of humor.

She is her employer's memory; his extra pair of hands; a sounding board for his ideas; his work organizer and time-saver; his link with the average person's point of view; his goodwill ambassador, and his most loyal booster. She has become almost indispensable in whatever capacity she serves.

Being a secretary is not a dead end. An efficient secretary can open many doors to advancement if she is truly qualified.

More Delegations; New Challenges

Today, more than ever before, the employer is compelled to work under pressure of greater responsibility. He must delegate much actual work to others so he can concentrate on decisions and policies. How well he can do his job depends to a great extent on how his secretary can lighten the load. Not only is she given responsibility, but she also is given the authority to discharge many functions formerly reserved to the employer himself.

The secretary can do much in determining and fulfilling the needs of her employer because of the nature of her position. She is the first and most crucial point of contact between her boss and others. When business demands more and more of him, he turns to his secretary to relieve him of detail work.

To successfully do this, the secretary must be well qualified and predisposed to adopting modern methods and techniques. She must recognize the danger of resting and rusting. No one stands still. Competition in business is so great that no one dares rest on present accomplishments. How far you advance is entirely up to the individual. You do not become professional overnight, but it's fairly easy to become an amateur in a short time simply by not keeping up-to-date.

Personal Qualities

Here are some qualities that are valuable to any secretary who sets her sights on reaching the top:

- Have a real and serious interest in your cooperative and its problems and a feeling of responsibility for its success.
- Make a constant application of your best intelligence to the problems within your area of influence in the office.
- Develop to an even higher degree the valuable qualities which have brought you to your present level of responsibility—tactfulness, loyalty, dependability, initiative, cooperation, imagination and poise. As you get near the top in any activity, more and more eyes are turned in your direction and you are watched critically.
- Maintain good mental and emotional stability. If your veneer of resistance to strain and pressure is too thin, the varied problems of any management position may cause real trouble.

Knowledge Valuable

Any preparation acquired along the following lines will help the secretary in a modern rural electric system progress, whether it be obtained in scheduled classes or through individual study:

- Skill in public and human relations.
- Skill in written and oral communication.

• Knowledge of and interpretation of business reports.

• Reasonable understanding of mathematics.

• Knowledge of office organization and procedures.

What Makes Secretary Outstanding?

Apply the skills you have learned to the best of your ability. Apply the principles of good judgment and common sense to everyday situations which arise during the working day. Become a true assistant to your employer by relieving him of details and ordinary matters. Handle the answering of routine correspondence on your own or forward it to others to handle.

Endeavor to do your work without fanfare. Remain in the background—thinking constructively, planning and directing, guiding, arranging and executing all details. The well-functioning secretary is not in the limelight.

Be adventuresome into the realm of executive responsibility, but not overbearing in the assumption of executive authority. You will lose much of your effectiveness if you undertake the delegation of your employer's responsibility to such an extent that you feel a sense of his authority as well. Be willing to assume responsibility for your actions, and intelligent enough to minimize your chances for error.

Apply yourself by meeting the challenge of improvement of techniques in your work. Many times employers become interested in new machines and equipment because their secretaries have become familiar with these advancements in office techniques and have brought them to their attention.

Long-Range Plans

Be optimistic about the progress that is being made, and be able to envision long-range plans with your co-workers. It is vitally important that you present your cooperative policy in a positive and optimistic manner based on facts. Act on facts rather than personal reactions.

Let **creativeness** shine out and people are going to appreciate your ideas and your thinking. Stop being content to do your job the old way year after year. The poorest reason for doing something today in a certain way is that you did it that way yesterday, last year, or ten years ago. Of course, there are tried and true principles underlying every kind of work, but the application of these principles changes

MRS. DAY is executive secretary to Charles R. Hook, chairman of the board, Armco Steel Corporation, Middletown, Ohio. She is a one-company woman; has worked for Armco over 25 years in various secretarial positions. She is currently President of the National Secretaries Association. Previously, she served as an officer of the chapter, division, and regional levels of the Association.

and you ought to change with them. One of the biggest causes of business failure is when its employees and executives stop creating new ideas.

Take time to re-evaluate your relationship with your employer. Whether you are in your first or thirtieth year of employment, you should give much thought to self-analysis to see if you are measuring up as a secretarial success. Are you doing everything you can for him? Do you anticipate his needs—placing needed files on his desk before he asks for them? Do you make necessary calculations before giving your employer a letter to answer? Do you arrange appointments at the most convenient time for him, and then see that he keeps them without having to remember them? If he has forgotten to inform one of his department heads about some detail, do you remind him, thus saving unnecessary embarassment? All these seemingly small things add up to time and temper saved and leave your employer free to devote his energies to the bigger aspects of his job.

The smart secretary sees through her boss, but the outstanding secretary sees her boss through.

The advent of the rating* of Certified Professional Secretary gave many secretaries their first vision of a goal to which

* An advanced professional rating granted by The National Secretaries Association following the completion of examination and performance standards.

they could aspire. Prior to this event, most secretaries considered that they had reached the top of their path of advancement from clerk to stenographer to secretary. Now they could look forward to professional recognition of their superior accomplishments through attaining this rating of CPS. They could now be classed professionally with other groups having similar status.

With a nationally recognized accrediting agency established to give comprehensive examinations for truly "professional" secretaries, a new era of recognized status dawned for the secretaries. This certifying examination is administered by the Institute for Certifying Secretaries, a department of the National Secretaries Association (International). The examination covers six areas of study—personal adjustment and human relations, business law, business administration, secretarial accounting skills, and secretarial procedures.

Secretaries as a group are standing on the threshold of new achievements in challenging worlds. Many opportunities await the qualified secretary. She will be able to meet the challenges because she has prepared herself by study, practice and the continual application of her skills with efficiency and dignity.

The formula or recipe for success is a combination of three steps—**step up your performance** by doing a bigger job where you are; **step up your progress** by study and application of your skills; and **step up to your future** by looking ahead to new opportunities to be of service.

What Do Our Employees Think?

■ A growing number of firms are checking their corporate image and theories by means of opinion polls of employees. The picture, even when it is uncomplimentary, provides a valuable yardstick with which to judge employee morale, the practicality of specific management decisions and employee attitudes in labor management disputes.

Standard Oil Company of California, currently taking a company-wide survey of its more than 35,000 employees, is leaving part of the survey blank to let employees sound off. Gripes from previous polls have already resulted in management action.

"Benefits to management from surveys of this type are intangible, but we figure they are worth the costs in better production and improved relations with our customers through the employees," says A. A. Alstrum, California Standard's manager of personnel.

Employee Opinion Polls

The National Industrial Conference Board, a non-profit research organization, estimates that more than one out of five large companies have used employee opinion polls in recent years.

Some companies take their own surveys, but pollsters argue that when they do, the employee is apt to be self-conscious and fear management retribution. For this reason, they advocate use of independent surveyors. Costs of surveys range between $2 and $5 per employee, with the cost-per-person varying inversely with the size of the sample group. Polling has become a profitable sideline for many universities: California Institute of Technology, the University of Chicago and Southern Methodist University, among others, now have special departments which handle such work for business firms.

Work Attitude Survey

Another unusual approach to assessing workers' morale is being tried by Standard Oil Company of Indiana. Its work attitude survey not only asks employees what their grievances are but how strongly they feel about them. There are five alternatives: The grievance is highly important, moderately important, neither important nor unimportant, moderately unimportant, and altogether unimportant.

Despite their recent growth, opinion surveys have some drawbacks. For one thing, polls quickly lose their value if results are not published and recognizable corrective action taken.

Condensed by special permission from "Not All the Polls Are Political," appearing in the *Wall Street Journal*, September 12, 1960 issue.

Qualities and Demands of a Leader

- Leadership must in some way symbolize the values and purposes of the organization. Others in the group must see some relationship, some obvious tie, between themselves and their leader.

- Leaders differ from others in the amount of interest they develop in the organization. When his group prospers, a leader is happy; when it declines, he is depressed. He is "emotionally involved"—the group is part of him.

- Leaders are more concerned about the long-range plans of the organization than are non-leaders: how the organization will continue to meet the needs of its members, and how to avert future difficulties that may keep it from achieving its purpose.

- Leaders differ from other people in their drive to get things done. Because they are concerned with future plans, they can inspire group members by keeping them informed about future goals and helping them feel the importance of the task to be accomplished.

- Leaders are more interested than other people in problems relating to power. They enjoy using power and having the responsibilities for groups.

- Leaders are better able to tolerate the anxiety created by responsibility than are nonleaders.

- Leaders possess a high degree of "frustration tolerance"—the ability to go ahead in spite of repeated failure and not be unduly disturbed by them. They are likely to have taken precautions and to have alternate plans of action.

- Leaders in general show a greater ability to tolerate the hostility which comes from the people they lead and assist. Such hostility does not seem to get under their skins as much as it does with nonleaders.

- Ability to communicate is a characteristic of leaders. They are better able to put their ideas into words.

Extracted from EFFECTIVE LEADERSHIP IN HUMAN RELATIONS *by Henry Clay Lindgren,* HERMITAGE HOUSE *Publishers.*

Company Payment of Membership Expenses

Many organizations expect or require certain key employees to belong to and participate in civic and professional organizations. When membership is a requirement of the job, full or partial reimbursement of initiation fees and dues is made by the firm.

Policy statements on employee memberships usually define company interest in the following types of organizations:

- Technical or professional societies
- Trade associations
- Civic groups
- Social clubs.

As a rule not more than one or two of these organizations are specified in a single policy statement. The memberships, too, are customarily reserved for employees who can hold them to the best advantage of the company.

Like other business expenses, company payments for employee memberships would tend to get out of hand if they were not controlled. To avoid this, the policy should cover what type of membership would be most beneficial to the organization.

Condensed by permission from MANAGEMENT RECORD, *July-August 1960, page 19. The Record is copyrighted by National Industrial Conference Board.*

Non-Financial Incentives Pay

People do not work for financial rewards alone. Every person needs a feeling of personal satisfaction of his own worth and knowing that others recognize the value of his contributions to the organization. Assuming adequate and equitable pay and opportunities for advancement, non-financial incentives can stimulate and improve performance, cooperation, and loyalty almost as much as financial incentives. Probably the most important non-financial incentive available to the supervisor is recognition. Persons sometimes seek it in a negative way.

Other non-financial incentives that the employee finds rewarding are: being consulted in decision-making; being listened to; being given added responsibilities and taking on special projects for which he will be given credit; recognition and expressed appreciation from the supervisor for a job well done.

the board room

Increasing Interest in Long-Range Financial Planning

MORE and more directors of rural electric systems are asking questions and attending discussions about the intricacies of long-range financial planning. This topic has apparently assumed first magnitude in many local board discussions. Much of this centers around what the factors are that are to be considered in financial planning, how to effectively balance those factors and what weight is to be assigned each factor. There are also questions about what the objectives of financial planning should be.

Why the Interest?

It has become evident that the need for additional capital is a continuous one. This is due to the many new uses being found for electrical energy in the home and on the farm, which results in increasing loads and the need to heavy-up the system to handle these loads. This is contrary to the feeling once held by some boards of directors that the use of electric power would level off. This very fact of continual rapid growth has brought about a conviction on the part of many directors that borrowed funds cannot be completely paid off in the foreseeable future, because as old notes are paid, new notes must be made for funds for continued expansion. However, these directors also feel that if capital credits or patronage refunds are to be paid to members, these refunds must be paid to the original members while new borrowed capital is being secured. This need for more capital while making patronage refunds means that more careful long-range financial planning must be done.

Another reason for this increased interest in financial planning is that operating expenses show a slight year-to-year increase on a per member or per mile of line basis. It has become evident that even though this method of measuring costs has been used for many years, it may now be more accurate if we measure costs in terms of kilowatt hours delivered. To do this we must make a definitive study of all costs per kilowatt hour delivered and project these costs into the future, as well as compare them with anticipated revenue per kilowatt hour. This is one of the fundamental tools for doing financial planning.

A third reason for the growing interest in financial planning is the increasing size and more complex problems associated with income, operating budgets, and reserves of the rural electric systems. (See Chart One). These factors cannot be adequately viewed from the standpoint of month-to-month operations, but must be thought of only in terms of the long view. This requires more long-range financial planning in order to enable the board to make decisions they must make in these important areas.

A final reason for this concern is the interest shown in the business security meetings conducted by the Rural Electrification Administration staff people. Also, there have been suggestions from top level officials that future capital be secured from private sources, with attendant higher interest rates.

What Factors Are Involved?

In a definitive study it is found that there are many factors to be considered

Operating Revenues Total Expenses – All REA Borrowers

(IN MILLIONS OF DOLLARS)

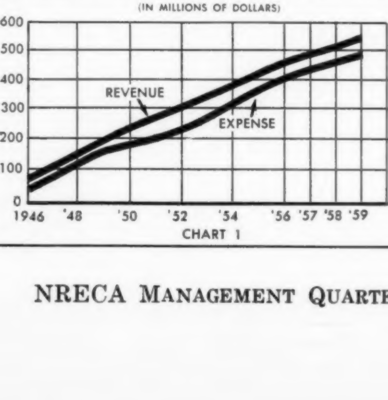


CHART 1

in financial planning. Among these factors are the retail electric rates, the rates of depreciation, members' equity wanted. per cent of margins desired, what reserves are necessary, what other services the rural electric system should render, when and in what manner to refund capital credits, how much new capital is going to be needed for new construction, what rate of growth the rural electric system should try to obtain and, finally, what is going to happen to operating costs.

Objectives of Financial Planning

Every director who has a responsibility for determining the future plans of his system wants the system to achieve financial stability. This stability involves the attainment of enough equity on the part of its members that the credit of the system would not be questioned; and, further, that it would be able to absorb temporary operating losses brought about by natural disasters or a sudden drop in income on the part of the members. Conversely, the directors may not want such a high equity that they are using a disproportionate amount of the members' money, which is high cost money to the individual member.

Another and equally important objective is striving to attain the maximum use of electric power by the members. This in itself will materially contribute to financial stability. This achievement should also be coupled with maximum understanding of the cooperative's plans and goals by the members. It is probably safe to say that increased member understanding is a decided advantage in trying to bring about the increased use of electric service.

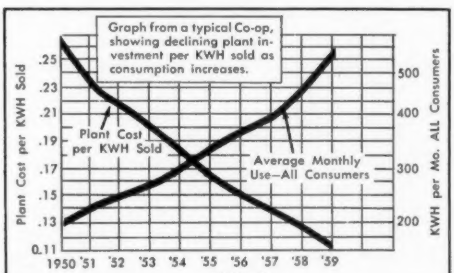


CHART 2

A third and vital objective of long-range financial planning is to bring about the lowest possible cost per delivered kilowatt hour to the members. **This objective governs** in many, many areas of operations and planning of operations. It is here that we go to the heart of continued success of the enterprise. But this involves planning and studying of all the factors included in the cost of the operation of the system. Cost control and cost reductions do not just happen. They must be planned in terms of long-range objectives. Long-range plans, then, are absolutely necessary to achieve those long-range objectives.

Declining Unit Costs

More and more directors are coming to the realization that one of the easiest ways to bring about lower unit costs is to get increased consumption, because costs per kilowatt hour decline rapidly as consumption increases. (See Chart Two.)

The attainment of the next objective may be quite difficult and yet it is highly desirable. This objective is collecting from the members each year the cost of that year and that year only. (The only reason for collecting more than these costs is the building of the desired equity.) This can only be attained through a definitive determination of actual costs in the past, and then a projection of those costs in the future based on a particular rate of growth. These costs must include all items, —not only operating, but interest, depreciation and taxes. Anything above these costs—that is, margins—is an obligation the cooperative has to its members and should be so considered.

Almost all of the equity the members have in a system comes from margins. A final and again highly equitable objective

should be that each member contribute his proportionate share of the equity capital in margins, but that this equity capital be held by the cooperative for the same number of years from each member. This means refunding the margins earned in, for instance, 1940, after the same number of years as we refund the margins earned, as for instance in 1965.

We therefore have an equitable distribution of costs if each member taking service within a year bears his proportionate share of the cost for that year and his contribution to the margin is refunded to him after the same number of years, as any other member's contribution to margin is refunded. If this is done, then each member is bearing his fair share of the cost that year regardless of whether the member is taking service in the year 1945 or 1960 or 1975. In order to do this costs must be known and then planned.

In summary, directors throughout the country are realizing more and more that long-range financial planning is essential to continued successful operation of any modern rural electric system, regardess of the number of members served or miles of line. One cannot mark time in this very critical and sensitive area of financial planning inasmuch as lack of intelligent forecasting can easily result in failure or liquidation of the system.

Advanced Management Achievement Awards

MARKING a major milestone in personal development and management study and research, the first presentation of the Advanced Management Achievement Awards is planned for a general session of the '61 NRECA Annual Meeting at Dallas.

This significant symbol of individual achievement in the application of the management principles, concepts and techniques emphasized in the seven basic management institutes offered by NRECA Management Services Department was first announced in April of this year.

Under the awards requirements, each applicant, in addition to completion of the seven basic management institutes, submits a consolidated book review on selected readings in five different areas of administration and management. An additional requirement is the staff report, outlining the experiences of the candidate in applying the management principles learned to this operating situation, with particular emphasis on results obtained from management improvements installed.

Awards Committee

The committee which has established the standards for the program and will review how they are being carried out is headed by Clarence C. Walton, Associate Dean, Graduate School of Business, Columbia University. Members include: Clyde T. Ellis, General Manager of NRECA; David A. Hamil, Administrator, Rural Electrification Administration; Dean James A. Hart, School of Business Administration, De Paul University; Patrick Reddington, Associate Director, Society for the Advancement of Management, New York City; W. T. Cavanaugh, Executive Director, National Office Management Association, and Richard F. McMahon, secretary of the committee.

The committee is presently reviewing submissions of the initial candidates. However, to permit the receipt of additional candidates' papers, the original submission deadline of December 1, 1960, has been advanced to January 15, 1961. This should encourage additional qualified applicants to apply, in that there are over 160 persons who have completed the seven basic institutes, the first requirement for eligibility. This group was mailed recently a set of requirements, procedures, and bibliography of recommended readings.

The Awards

The award will consist of a plaque, distinctive framed certificate, and recognition bar to be worn as an attachment to the NRECA lapel pin. This award will be given at the NRECA Annual Meeting to those who successfully complete the advanced management study and research required.

All managers and key employees who have completed the seven basic institutes are urged to meet the additional requirements for this award and send their submissions to NRECA Management Services, Attention: R. F. McMahon, Secretary, Advanced Management Awards Committee.

Who Approves Salary Increases?

TO determine who is authorized to give final approval of salary adjustments, the National Industrial Conference Board surveyed 20 firms considered pace setters in wage and salary administration.

General Objectives

In general, it would appear that the administration of these salary programs has been designed to accomplish the following objectives, many of which are also important to the rural electric systems:

- To delegate the responsibility for the approval of salary increases as far down the line as possible.
- To allow as much flexibility and freedom of action as can be permitted within the framework of broad company policy.
- To make certain that those given the responsibility of approving salary increases are in a position to know **personally** the duties and performance of the individuals involved.
- To prevent favoritism or prejudice from influencing salary actions.
- To give those responsible for salary matters sufficient staff assistance to enable them to initiate salary actions in keeping with sound salary practices.
- To achieve proper balance between salaries paid within the company as well as between salaries paid in the company and the going market prices.

Delegating Responsibility

In order to successfully delegate the responsibility for approving salary increases, the companies rely primarily upon one or both of the following procedures:

- The establishment of salary ranges, with minimums and maximums, for all salaried positions.
- The setting of salary increase budgets, within the limits of which the particular department may take action with considerable independence.

Of the salary programs studied, practically all had formalized salary ranges for their lower-level positions, but often extending to salaried jobs over $12,000 a year. A few went even higher. At the same time, about half of the companies provide for the annual budgeting of salary increases.

Whether a salary change is approved by a committee or by an individual, it would appear that the general practice is to have salary increases subject to final approval by individuals at least two management levels higher than the person involved. This can be accomplished in a variety of ways.

One highly decentralized company uses a "1-over-1" basis for approval. Under this setup, an operating head can give final approval to salary adjustments for all personnel under his jurisdiction, except those reporting directly to him. Salaries of those reporting directly to him are subject to the approval of the executive one level higher in the organization. Many rural electric systems have a provision similar to this providing that a salary adjustment is determined by the immediate supervisor, subject only to the disapproval of his supervisor.

Other companies reporting indicate similar variations of the plan mentioned. Approval by job level or salary level in the company both appear to be popular.

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Don't Neglect Our Future Managers

■ Strong emphasis on the part of rural electric management in encouraging those in non-supervisory positions to avail themselves of on-the-job training and off-the-job technical training has tended to overshadow the importance of middle management self-development.

Actually, many share the opinion that too much stress has been placed on training only being accomplished during working time. Middle management people who are really concerned with their futures and have a career attitude toward their jobs are more than willing to make a contribution of time to their future and personal self-development. The voluntary enrollment of thousands of these men in universities, night schools, home study and extension courses proves this to be so.

Training Tips

Improving Your Telephone Manners

■ All affiliated systems of the Bell Telephone Company, as a public service, are more than happy to provide specific technical training for the person in your organization who receives your telephone calls, as well as general training for all persons in your organization who answer the telephone.

In view of the tremendous importance of and effect on consumer and public good will resulting from proper telephone usage, it is helpful for most organizations—especially small organizations not having a formalized training program—to take advantage of the training and instruction offered without charge by the Bell System through its service representative. Such training can be part of your cooperative's training program, including the showing of the film "A Manner of Speaking" and a 15-minute critique of this film highlighting the proper telephone usage. This will be of value in stimulating a consciousness on the part of each employee as to the necessity of proper telephone usage and courtesy.

Lineman's Training Handbooks

The Lineman's Series 100, 200 and 300 Books, covering standard rural electric operations, are invaluable guides to apprentice training and on-the-job lineman training. They are also aides to the preparation of apprentice written and performance examinations as a prerequisite to acquiring journeyman status.

This technical series of booklets contains the compilation of the best thinking in the electrical craft, having been compiled from many authoritative sources including line superintendents, engineers and job training and safety instructors of the various rural electric systems in the midwest. The booklets, which conform to the National Electrical Code and accepted safety practices, contain a guide or job breakdown of all typical operations indicating the process, procedure, equipment used and safety precautions for each activity.

These booklets may be obtained from the Division of Vocational Education, State of Ohio, 1885 New Avenue, Columbus 10, Ohio.

Management Film Series

"Listen, Please!", a training film recently released by the Bureau of National Affairs, is being enthusiastically received by many training people who have used it in conjunction with their employee programs. This is the first in a series of modern management films which are designed to teach and encourage understanding and acceptance of the basic principles of supervision. Briefly, it covers the importance of listening to what others are saying and hypothetical difficulties encountered by a person who is not a good listener. It is used primarily as a discussion starter.

Available after January 1 are additional films on the subjects of leadership, productivity, and giving orders and instructions. These are 16 mm sound and color films and have a running time of approximately ten minutes. A discussion guide is provided with each film and can be used by the conference leader to review the basic points made by the film.

Recommended as desirable training aids, these films can be obtained from the Bureau of National Affairs, 1231 24th Street, Washington 7, D. C. They may be obtained for previewing purposes at a cost of $10 for one film; the rental charge is $25 for two days for one film.

Improving Employee Communication

An excellent series of films, 16 mm with sound, a more effective business communication, is presently available through the Division of Audio Education, University of Indiana, Bloomington, Ind. These films on

such diverse subjects as **Getting Across to People, How to Avoid Misunderstanding, Word Usage,** etc., should prove of real help in training your employees in better communication.

They have a running time of about 30 minutes each and will provide an ideal visual aid for a staff meeting devoted to analyzing and improving employee communications, particularly in so far as they affect understanding of your cooperative's objectives, policies, plans, and programs. They may be obtained without charge, except for incidental postage costs.

How Valuable Is Testing?

■ The question of the relative worth of a testing program in the selection of applicants for clerical positions has been discussed and evaluated at length by personnel technicians.

The consensus of opinion indicates that the principal reasons for the application of tests are: (a) to determine the degree of mental alertness, (b) to determine special skills of the applicant, (c) to define special operational skills on certain machines or equipment, (d) to measure the knowedge of supervision, stenographic terms, etc., (e) to evaluate personality interests, and (f) to indicate interests compatible with occupational objectives.

The opinion of 200 firms sampled by the Dartnell Corporation was that the application of clerical aptitude and performance tests was highly desirable in screening out those who did not meet minimum qualification standards. But there were some disadvantages cited, which included:

- The test administration is too time-consuming.
- Too much weight is often placed by the interviewer on the test results and scores.
- Tests do not always give a true picture of the potential of the person tested.

Those personnel technicians queried, particularly those who had a negative reaction to the effectiveness of testing programs, were again asked in which areas they believed tests were least effective. Areas cited were: personality, interest, potential, aptitude, intelligence, skill and knowledge. Their answers, of course, were not consistent with the primary objectives of the general testing program. In general, the consensus of those surveyed was that a well-balanced program of performance and demonstration testing—especially in the clerical aptitude series—could be quite beneficial in screening out those who lacked minimal occupational and educational experience for entrance level. Limitations which were expressed included the fact that tests should not be administered or interpreted by unskilled practitioners.

In general, it was emphasized that testing, while an effective selective indicator, could not be considered as a final criterion for selection or rejection. In the main, however, the application of an appropriate set of test batteries for clerical, stenographic and general office personnel was considered to be highly desirable for both large and small firms.

Tips for Better Reference Checking

■ It is rare when the manager doesn't at some time face the problem of having to investigate references given by a man or a woman applying for employment with the cooperative. What is the best way of handling the reference check? Officials of the Thorndyke Leland Associates in a recent recruiting seminar suggested:

- Throw away the references listed by the applicant (it is only human for the candidate to list persons whom he knows will say nice things about him). If you happen to know someone in the firm or town from which the applicant comes you might write this person. Otherwise contact the department head on the last job(s) held by the applicant.
- Don't rely on letters; talk in person or on the phone for maximum usable information.
- Don't be vague; ask specific questions and get specific answers.
- Know something about the reference-giver (so you can evaluate his comments).
- Use a question check list; cover only key points on questionable areas, but don't forget to ask any questions pertinent to the individual's professional and personal suitability.
- Eliminate all doubts before you hire the man.

THE ART OF DELEGATION

By GENERAL LUCIUS D. CLAY

AN organization can never be really depicted either in beautifully planned charts or precise definitions of duties, because basically it must be composed of human beings. Its success depends on so relating these human beings to each other as to draw from them collectively their best efforts. Of course, we must have organizational charts if only to know what we seek, although they may become meaningless unless the individuals who fill the spaces have the capacities to absorb the responsibilities. Even then those individuals with above average capacities will continually absorb the work and responsibilities of their weaker associates. As a result, the incompetence or unwillingness of an individual to accept responsibility may go undiscovered for months or years.

Often it is said that if delegation of authority is to be successful, then the responsibility and the degree of authority to be delegated must be spelled out in clear unmistakable terms, so that not only the individual to whom responsibility is delegated will know the limits of his authority, but also that others in the organization will have a clear understanding.

Added Responsibilities and Authority

Although in theory I subscribe to this tenet, I would never be satisfied with the individual who is not continually seeking to add to his responsibilities, to increase his authority, and who in case of doubt never hesitates to make decisions which are not being made by others perhaps more directly responsible. It is in the give and take of such exercise of authority that the arguments, the differences of opinion, and finally the reconciliation of views develop to make a team out of a group of individuals, and which assures top management of views matured in a conflict of ideas rather than from a crystal ball.

Perhaps the first consideration in the delegation of responsibility is the selection of those to whom authority is to be granted. Seldom can this be done anew in any organization; rather it is the process of training those already within the organization or of finding new men to replace those who cannot be trained and to meet future requirements.

General Clay

All my life I have heard of the executive who has so cleared his desk and arranged his schedule that he had no details to worry about, and can devote all his time to what is called long-range planning. I suppose there are such executives somewhere. The only ones I know personally who have reached this condition, have long lost their ability to either administer or to think. The Chief Executive who is vitally interested in the growth of his company and in the development of its personnel, must do his thinking at home or on week ends because his spare working hours will be occupied in seeing the young executives who come to him or in going to those who do not come to him.

Knowing the Team

Through such visits, he begins to know the individuals who form the team; to find out if communication from top to bottom is effective; to determine those within the executive chain who have capacities to grow. No man can be judged fairly through another man's eyes; no man can be judged better than in the exercise of responsibility at his place of work.

Once again I repeat that an organization is a collection of individuals and that the

relationships which exist among these individuals will be the determining factor in its success. Since this depends so much on the individual, let us examine a few qualities which the executive needs to possess. Each executive in the chain must know his job to be able to subdivide and delegate his responsibilities. He must know the individuals to whom he is giving authority to be sure that it is within their capacities, or he must have confidence in his ability to develop them to exercise it properly.

He must have a constant flow of statistical information to his desk to enable him to measure the performance of those to whom he has delegated authority. He must visit them frequently to judge their performance on the job and how they in turn are delegating authority and developing the individuals who will be capable of accepting further responsibilities.

He must hold down the brash without destroying their confidence, draw out the timid without making their decisions, give credit to those who deserve it, take the blame for those who fail until repeated failure has demonstrated their unworthiness, be patient when judgments prove wrong, and angry and impatient only when mishaps occur because decisions have not been made.

Master of Position

He must be accessible to all who work under him, sufficiently free in his relationships to have their confidence and yet maintain an indefinable reserve, a dignity of position consistent with that wise old axiom "familiarity breeds contempt."

To do this, he must be the master of the position he occupies and fully informed about the progress of the activities under his direction. He must be the buffer between his organization and the public, and must earn and hold a reputation and a public standing which entitle him to the respect of his associates.

If he is and can do these things, then indeed he can fit the chart to the individual, or the individual to the chart, with the flexibility that turns an organization on paper into an effective management team. Perhaps there has yet been no complete master of management, no one who fully understands the art of delegation. However, the complexities of modern management have given to those of us who exercise management far better tools to work with than we have had in the past, and increasingly there is evidence of a growing understanding of the importance of human relationships to the success of any organization.

Certainly, as one proceeds upwards in a management career, the real satisfaction comes from looking at the organization and to find within it men growing in capacity in whom you have placed your confidence and who are rising to the new challenges.

If I could leave one thought with you today that has been most helpful to me, in delegating responsibility and in granting authority, that thought would be: Know your people, for only in that knowledge can you approach with hope of success the selection of those to exercise authority. If you have selected them properly you will find it almost impossible to retain the authorities and responsibilities which you should have given up long ago.

Harvard Business School Bulletin, Summer 1954. Reproduced by permission of the Managing Editor, Harvard Business School Bulletin, Harvard Business School Association, 5-5-60. Address given at the 24th National Business Conference, sponsored by the HBS Association, June 12, 1954.

Management Development Brings Results

■ Management development is designed to improve the cooperatives' supervisory potential and the effectiveness of their management skills. Maturity of judgment and emotional stability are two goals for this type of training.

Five characteristics we strive to develop are:

Decisiveness. The ability to make up one's mind. The mature person doesn't "wait and see"—**he decides.**

Acceptance of responsibility. He accepts the obligations and consequences of his acts—the responsibility for his decisions, whether they turn out to be right or faulty.

Objectivity. He knows what he wants, what the results may be, and what he must do to reach his goal.

Willingness to compromise. He acknowledges his limitations, his level of achievement.

Broad outlook. A closed and immature mind is responsible for such statements as, "We've always done it this way."

Group Purchasing Coming Your Way

THE long-awaited group purchasing master catalogue, Volume One, is now in the mail!

The mailing delay was occasioned, according to program coordinator R. F. McMahon, by the late inclusion of additional participating companies who required more time for the submission of their sections of the catalogue describing their products and price lists.

The catalogue includes leading manufacturers and distributors of the finest in office equipment, furniture, machines, and supplies. It should serve as a ready means to study the range of office equipment and furniture available in order to select that **best** suited to your individual needs.

Plans are now under way for Volume Two of the catalogue. This expansion was necessitated by the additional vendors who want to participate. Vendors represented in Volume One of the catalogue are: Addressograph-Multigraph Corporation; Friden, Inc.; Mosler Safe Company; Burroughs Corporation; National Cash Register Company; Underwood Corporation; Remington Rand; Victor Adding Machine Company; Art Metal, Inc.; General Fireproofing; Globe-Wernicke; Post-Index; Steelcase; Wheeldex & Simpla; A. B. Dick and Ozalid (Reproducing and Duplicating Machines).

Volume Two Due Soon

Volume Two of the catalogue already contains the following classifications and companies:

Book Publishers: Dartnell, Harvard University Press, Richard D. Irwin, McGraw-Hill, Prentice-Hall, Ronald Press, Southwestern Publishing.

Dictating Machines: Edison Voicewriter, Gray Manufacturing, Soundscriber.

Drafting Equipment: Eugene-Dietzgen, Ozalid.

Loose Leaf Supplies: Elbe File & Binder Company.

Miscellaneous: Friden Collating Machines.

Office Files: TAB Products.

Photocopying Equipment: American Photocopy Equipment Company, Gallant, Ozalid.

Also, the following additional companies have expressed an interest in participating in the second volume of the catalogue and negotiations are now under way with them: Standard Register Company, Ditto Corporation, Bell & Howell Company, R. C. Allen, All-Steel Equipment Company, Diebold Safe Company, Olympic Typewriter Company, Hermes Typewriter Company, Munroe Calculators, Smith-Corona. The complete cost of the catalogue is paid by the participating companies.

If you're planning a headquarters refurbishing or expansion or if you're moving to new offices, you will find the group purchasing program of value in that the consolidated purchasing power of all of the member systems makes possible substantial discounts. The discount schedule naturally varies according to the class of equipment or supplies ordered. However, all of the vendors provide prompt, reliable service for their machines or equipment as provided in the group purchasing agreements.

Under the policy established by the NRECA Board of Directors, a small fraction of the discount is retained by NRECA to defray essential administrative costs of the program. In that the purchasing volume of the member systems aggregates several millions of dollars annually on office supplies, furniture, equipment, machines, etc., savings to be acquired through the group purchased plan represent a fine opportunity to effect management improvements in the systems.

Job Happiness

■ Love of the job is a characteristic of a successful man! If you dislike your job, analyze it and find out why. Break it down into components, and the chances are that you will find only some parts of your job which you dislike. Moreover, the things that you do not enjoy doing probably are the things which you do poorly. Learn to do them better, and the whole job becomes more pleasant.

The trick is to set realistic goals—goals which can be attained. A golfer who has never beaten par gets his satisfaction from beating his own last week's score. So it is in management. Set reasonable goals—for yourself as well as subordinates—and your chances of avoiding frustration and of becoming happy on the job are increased.

Leading Ladies

"MINNESOTA is looking up," says NRECA General Manager Clyde Ellis in commenting on Genevieve Kelley's transition from executive secretary to statewide manager in Minnesota.

She is, in the opinion of many, a woman whose enthusiasm is contagious and who possesses a high degree of administrative competency in her direction of cooperative affairs.

She has been outstanding in . . .

- Legislative accomplishments.
- Participation in educational programs.
- Community acceptance of the rural electrification philosophy and goals.

Demonstrating leadership which brought membership in the Minnesota Statewide for the first time in its history to a high of 100% in 1958 is typical of the dynamic guidance of this first lady statewide manager.

She heads a five-man legislative liaison committee of statewide directors and managers, which has been instrumental in the formulation and facilitating of desired legislation through the various committees of the state legislature.

She has co-sponsored with the University of Minnesota a coordinated program of foremen's workshops. Her administration of the annual statewide salary survey has created an authoritative basis for wage negotiations and the structuring of salary plans for the member systems.

She has developed close-working relations with the National Safety Council and insurance carriers to provide an intensive safety education program which has sharply reduced the number of lost-time accidents in Minnesota rural electric cooperatives.

Maintaining a speaking program at a "man-killing pace," Mrs. Kelley has spoken in the past year to 19 of the member cooperatives, addressed the Minnesota Association of Cooperatives, the national meeting of Rural School Superintendents, annual meeting of Minnesota Creamery Operators and Managers Association, and the NRECA annual meeting last year in St. Louis.

ALL THIS LEADERSHIP — AND A WOMAN TOO! May we present Genevieve A. Kelley, manager of the Minnesota Electric Cooperatives, who makes her home in St. Paul.

To really know Mrs. Kelley is to learn that she feels, "The primary interest of any woman is to see that her family grows into men or women who are respected in the community and the business world." The mother of two grown sons carries this admiration for earned respect into her own business sphere when she adds, "It is hard to pinpoint what makes the cooperative feeling so dominant in Minnesota other than a great personal respect among managers, directors and statewide, and an expressed willingness from the statewide to be of assistance to their memberships in many diverse ways."

We spoke to Mrs. Kelley about the age-old problem of a woman executive in a man's world and she answered without hesitation, "There is no sensitivity on my part of being a woman doing a manager's work. It is a job that needs to be done. I ask for no special consideration because I am a woman.

"I will say this also. When you are a woman in a field that has always been a man's field, you strive for perfection. You want your meetings to have a nicety."

She is co-sponsoring with the University of Minnesota the annual meeting of the American Institute of Cooperatives.

Her interests run from six grandchildren to stamp collecting. She is a graduate music major from the University of Minnesota, a classical pianist, and paints porcelains as a hobby.

Manager in Profile

THE MAN: Clarence W. Smith, manager of the Southwestern Electric Cooperative, Greenville, Ill.

THE RURAL ELECTRIC SYSTEM of which he is manager has 2,300 miles of line, serving 7,500 members in all three counties and parts of seven additional counties in southwestern Illinois. The plant represents an investment of $5,-500,000.

HIS PAST: Has a B.S. in Engineering degree from Kansas State University, served as manager of Jewell-Mitchell Cooperative Electric Company at Mankato, Kansas, and has worked in the engineering and construction field.

HIS VIEWS: **One of the most important challenges facing rural electric cooperative management today** is the creating of good member and public relations. A rural electric cooperative "is no stronger than its membership" or "no better than the opinion of the general public."

New Membership Unappreciative

Twenty years ago the membership knew what it was to be without electricity or if they were able to get electricity, they knew what high prices they had to pay to get it. Consequently they realized the value of their cooperative and supported it. Today that generation is almost gone and the new membership does not appreciate its cooperative. We in management are obligated to convince them of the cooperative's value.

On community activities, Smith says: "I believe it is the duty and responsibility of the manager of a rural electric cooperative to participate in community affairs not only as an individual for the welfare of his family and himself but also as a representative of the cooperative and what it represents in the eyes of the general public."

Capable Staff an Asset

The finest asset of a rural electric cooperative is a sound capable staff. Elaborating on this statement, Smith further says: "To develop this type of staff requires continuous training, both inside and outside the cooperative. They must be given the responsibility by clear-cut written policies and procedures to make decisions which will create the desire to learn. When a staff member no longer has the desire to learn, he no longer has an interest in the welfare of the cooperative.

"The staff member should be given the opportunity to participate in the development of policy and procedure by taking part in regularly scheduled staff meetings at all levels of management."

Long-Range Planning Imperative

"We must look to the future," Smith states. "As our cooperatives move out of the construction to the operation stage, long-range planning becomes imperative—both engineering and financial planning. Up to this time, almost all construction has been in the form of additions to our plant and we have been able to borrow funds quite readily. We are moving quite fast into the area of replacement due to obsolescence and wear. It is our responsibility to make certain that the funds are available to do this work in a manner which will assure adequate and continuous power for our members in the years to come."

Establishing a unique record in Illinois, Manager Smith points with pride to his 1960 score of 12 committee member meetings held in the key districts served by his cooperative. The district meetings are organized by members and their wives who form the committees, plan meetings, and develop interesting programs. Pioneered in Illinois by the Southwestern Electric Cooperative, these meetings have been of great value in creating better understanding and a feeling of vested interest on the part of the consumers, says Smith. The cooperative provides key staff members and selected board members to appear on jointly prepared agenda for such meetings.

Director in Profile

"I AM happy to be living on a farm in one of the garden spots of these United States," says Travis James, trustee of the Gibson County Electric Membership Corporation, Trenton, Tenn. And James means just that, for on his 200-acre farm he can raise as diversified a crop as almost any farmer—strawberries, cabbage, string beans, tomatoes, sweet peppers, sweet potatoes, lettuce, corn, and cotton. He also raises small grains and has pasture land on which dairy and beef cattle as well as hogs are raised.

In 1919, Travis James returned home from the service in World War I to begin housekeeping in a three-room cabin. He used kerosene lamps for light and wood logs, which he chopped himself, for heat. In 1921, he and nine of his neighbors banded together and built their own electric line from their homes to the power company's lines some distance away. Though they had paid for the line to serve their homes, they still paid 15¢ per kilowatt hour for the electric power consumed. "This was a bit of heaven to us," says Mr. James, "for soon we had an electric motor for our water pump and were able to pipe water into the kitchen and bathroom."

Member of One of State's First Co-ops

In 1936, electric power from the TVA dams came to the homes and farms of the Tennessee Valley, making an abundant supply of electricity available at low cost. James became a member of one of the first electric cooperatives organized in Tennessee, and assisted in getting the power company which served his farm to release its facilities in that area to the newly formed electric co-op. He was elected a director that first year, a position of trust to which his neighbors and friends have re-elected him each year since then.

"As secretary-treasurer of our cooperative for the past several years, I have been privileged to have a small part in helping my neighbors secure an abundant supply of electricity in their homes and on their farms," says James. "I have witnessed the growth of our cooperative from a small beginning to a membership of over 21,000. And, I am happy to say, it is financially sound. We're all proud of its growth and stability."

Active in Statewide

He has not confined his efforts to his own co-op, but has been active in both state and national activities, serving at present as a member of the Executive Committee of the Tennessee Statewide and as a member of the statewide Publications Committee. Jake Hundley, manager of the Tennessee Statewide, says of Travis James: "Mr. James has the rural electrification program very much at heart. He is a progressive man and a real solid board member. And, he has been a real leader in the two projects that the statewide has undertaken recently — establishing the statewide magazine and building the new office headquarters for the statewide."

Important Director Responsibilities

As a board member for his cooperative, James feels that he has certain responsibilities, the first of which is to plainly set forth the objectives of the co-op and see that they are known to the members. As he puts it, "Our first objective was to supply electric current to every member in the co-op's area. Now that this has been accomplished, we must further our objectives to include other services to meet the needs of the members. This means seeing that a good program of power use and member relations is planned and carried out. The directors must make the money available for these essential programs."

As a trustee of his cooperative, James lists a second important responsibility—that of assisting the manager in planning the finances of the co-op.

Not "Running" the System

James draws the line when someone implies that the trustees are "running" the co-op. He says, "The manager's job is operations and internal administration. The board's responsibility is to hire a manager and provide guidance for him through the objectives, policies, and plans adopted by the board.

DIAL 365 *for subscriber relations*

By DONALD H. COOPER

Information Services Division, REA

"I WANT to put on a subscriber relations drive," writes the manager of a rural telephone cooperative. "Can you give me some pointers on what we should tell subscribers about the service, now that we have shifted to automatic dial? Service seems to be all we have to sell."

Like many another manager, he already had the answer at his finger tips. If he could have taken time from his busy office routine to think out his problem just one more step, he would have provided his own solution: "Good service is good subscriber relations."

Experienced managers recognize many techniques for bridging the gap between management and members in a telephone cooperative, but they all acknowledge the overwhelming priority of dependable service, fair rates, courteous treatment for inquiries and complaints.

Service, Fair Rates, Courtesy

Good subscriber relations are not built in an all-out, one-shot drive. Today's telephone system provides service 24 hours a day, 365 days a year—and an extra day in leap year. Subscriber relations, too, are at work 24 hours a day, 365 days a year—and an extra day in leap year. Service and subscriber relations take no vacation. They continue even when the manager takes a day off.

What is good service? Good service is continuous, 'round the clock service, free of interruptions, and much more. It is high-quality voice transmission, freedom from cross-talk. It is private line or graded service where that is at all practical; it is selected ringing and a limited number of subscribers on multi-party rural line where distance and line construction costs make better service out of the question for now. It is installing main station and extensions to fit the needs of the subscriber. Good service is accurate directory listing, correct billing, and fast, friendly operator assistance on long distance calls and special services. It is neat, efficient installations and repairs for station equipment, promptly made.

Satisfactory service is the solid base to insure satisfied subcribers and loyal members of the co-op, who are boosters for the co-op every day of the year.

What are fair rates? They are not necessarily cheap rates, but they compare favorably with similar tariffs in nearby areas. They are simple and easy to understand, and changes are explained in advance to subscribers.

The rate structure should be designed with adequate differentials for various grades of service. The rate schedule should recognize situations where part of the subscribers enjoy a higher grade of

service through EAS, connection to a large exchange, or other special benefits. For good subscriber relations, REA advises against mileage charges or zone rates for multi-party rural service.

Co-op Image

What is courteous treatment? In rural areas the operator on the magneto switchboard personalized the telephone company or the mutual exchange. Now, with automatic dial, the image of the telephone organization is rarely and briefly revealed to the subscriber in the person of the installer, the driver of the co-op truck, the clerk or accountant who handles questions about the monthly bill.

Courtesy is seeing a service complaint from the subscriber's point of view, listening patiently to a bristling inquiry about a toll charge. It is a friendly letter to collect a delinquent account. It is a manager who knows the people on the lines and who finds time to participate in community affairs.

On this foundation of good service, fair rates, and courteous treatment, management can use the well tested tools of member and public relations techniques to fashion understanding and satisfaction among subscribers. Here are some of those methods, a few suggestions that have been tried by telephone cooperatives and found effective.

Public Relations Techniques

The personal letter. Personal recognition is a fundamental human need. A letter from the president or manager of the telephone cooperative to the individual subscriber is a sincere form of flattery that pays big dividends. Personal letters are time-consuming and expensive, but no other subscriber relations technique is so effective.

In the very small co-op, the president or manager can send out a few letters at a time with the monthly billing. In larger systems, the letter may be reproduced by offset printing but still be warm and friendly.

Newsletter or bill stuffer. Less effective but still important as a means of providing information to subscribers is the monthly newsletter prepared under the direction of the manager. Each month marks the appearance of several new member publications among the rural telephone systems.

The typical newsletter lists new and changed numbers; announces special events such as the annual meeting, open house, or the publication date for a new directory; tells about new employees and staff changes; explains party line courtesy, the need for a rate adjustment, how to use operator services or make a long distance call. It promotes extensions, color sets, and other special equipment; discusses system plans for improvement and expansion; relates anecdotes about how subscribers have used telephone service to special advantage or in interesting ways.

The newsletter must be attractive in appearance and readable in content. Keep the items brief. Use short sentences. Remember that people like to see their names in print. Keep the facts straight. Don't criticize and don't preach.

If you are not yet ready to launch a newsletter, try an envelope sized card or bill stuffer. Print or mimeograph legibly one message to your subscribers, to be inserted with each billing.

Your directory. Each subscriber uses his telephone directory many times during the year. Make it count for good subscriber relations. Besides the pages given over to dialing instructions, use of operator services, and to rates and billing, save a little space for something different. It may be a few paragraphs on the history of the service area, a brief account of how the telephone service developed, a per-

DONALD H. COOPER has held the position of Information Specialist for the Information Services Division of the Rural Electrification Administration, U. S. Department of Agriculture, Washington, D. C., for the past 11 years. He also serves as director and secretary of the Greenbelt Consumer Services Cooperative in the Washington area.

sonal message from the president or manager, or perhaps a cartoon poking gentle fun at some typical telephone situation. Be sure this directory, like everything else coming out of the telephone office, emphasizes "service for **YOU**" or "**YOUR** telephone system."

The annual meeting. Nearly all REA-financed telephone systems are locally owned. If yours is a telephone co-op or mutual association, the annual membership meeting is the big event of the year. If yours is a stock company, a subscribers' annual meeting can still be an important part of good relations.

Here is the opportunity for directors, officers, and the manager to meet subscribers face to face. Make it easy for subscribers to attend by sending out adequate notice. Make the meeting enjoyable by good planning. If there is an annual report, keep it simple and attractive to read.

Open house. Bring subscribers into the central office to see how they get their service. Arrange for plenty of notice. Prepare your staff to act as guides. Put easy-to-read labels on equipment. Help subscribers ask questions by keeping the presentation simple and friendly. Serve refreshments.

Exhibits, parades, community participation. Help subscribers identify themselves with the telephone co-op or company through letters, personal interviews, meetings, visits to the office—and then be sure the next step is being taken. Let your subscribers take pride in their local telephone service. The telephone organization is a community affair. Take every opportunity to participate: an exhibit at the county fair, a float in the holiday parade, arrangements for a special long distance call for a winning student, attractive signs on the truck, a clean office, reports in the local press (have you taken the editor to lunch?), membership in civic clubs.

These are a few of the things that others have done. These are a few of the steps you can take to maintain good subscriber relations 365 days a year.

Modern Office Machinery Handles Job That "Couldn't Be Done"

FACED with the dilemma of processing nearly 4,000 capital credit checks involving computation, preparation, and mailing by August 1, 1960, without additional personnel during a normal vacation period, Manager G. Leslie Rucker of the Edgecombe-Martin County Electric Membership Corporation of Tarboro, N.C., found a solution in modern data processing.

Employing the 400 Burroughs Sensimatic for normal general ledger accounts, Rucker (on the suggestion of a procedures consultant) designed a new check to be mailed in a window envelope, obviating the typing of 4,000 addresses. Check protection was provided by an over-print block which also explained the purpose of the check.

Check-writing was incorporated in the posting operation so that the capital credit ledger card and the check were processed simultaneously with but two amounts required to be indexed: the previous balance on the ledger card and the amount to be paid.

The machine, in a single operation, thus writes the original capital credits check, posts the payment on the capital credits ledger card, prepares a trial balance, automatically numbers the checks, and enters the amount in the check protection block. The 4,000 checks have been prepared and are ready for signature by this streamlined, mechanized process.

The machine, in addition, furnishes totals which can be compared with predetermined controls to protect against any errors and to confirm the accuracy of the operator's work.

The first general retirement of capital credits by the Edgecombe-Martin County EMC will soon be history. However, it will always be remembered as a tribute to the utilization of modern office machinery which, through speed, accuracy, and simplicity of operation, has accomplished in a record time a job which, it seemed at first, was one that "couldn't be done."

Compensation, Logic and the Market Place

By WALTER SIKES
Personnel Director, Morris Beam & Company
Yellow Springs, Ohio

JOB evaluation methods and results may be regarded by the non-supervisory employee in a rather disinterested fashion if they concern a comparison of his pay with that of the manager. If, however, an assistant bookkeeper compares his pay with that of a billing clerk or a meterman with a lineman, then it becomes highly personalized and job evaluation a subject of close scrutiny and often continued review.

Job evaluation can be effectively and usefully applied within and between groups which are occupationally related. This can be arranged by grouping jobs into "families" for comparative purposes as is done in many plans.

Job evaluation can help to develop an understandable pay structure and it contributes to establishing equitable relationships between jobs through encouraging objective, thoughtful analysis. These relationships can then be better explained to the people involved.

Employee Acceptance Vital

The most important factor in the success of a job evaluation system is not the inherent logic of the system or the statistical sophistication with which it is constructed. The key to success is the acceptance by the people to whom the system is applied. Obviously, a system that is thoughtfully and carefully constructed is advantageous. A very good system, however, which is poorly introduced can fail to increase the understanding and acceptability of the pay structure.

It cannot be applied to occupations or individuals upon which society places a very high premium. If an organization wants to hire such people, it will pretty much have to pay their going rate as determined in the market place. This applies to many executives who have caused considerable embarrassment to corporations which try to fit them into their job evaluation systems.

Organizations must be sensitive to changes in the market place evaluation of occupations and must be prepared to make pay adjustments accordingly. This process is, of course, nothing new. For the last several years, for example, nearly all companies have been changing the relative pay positions of young engineers. I think, however, that we sometimes cause ourselves unnecessary difficulty by not straightforwardly making provision for adjustment to these market place forces without complex rationalizations to account for them in our job evaluation systems.

Humanizing Job Evaluation

If job evaluation provides a positive factor in employee relations through increasing the understanding and acceptance of pay rates, it is a valuable tool. If it does not perform this function, I doubt that even the soundest technical system is really worthwhile. If this conclusion is correct, it follows that job evaluation plans need to be designed, instituted and administered so as to maximize their employee relations value—rather than placing the major emphasis on statistical accuracy.

Job evaluation programs, to gain employee acceptance, must be humanized and full explanations given to every employee concerned **before** a proposed schedule is adopted.

(Condensed from an article in the February 1960 issue of Advanced Management)

In-Service Promotion

The opportunity to promote a person to a higher job should be channeled into a morale-building activity for creating greater job satisfaction. However, in many cases, cooperative management makes such promotions on a tentative or try-out basis, or a basis which tends to foster group resentment.

The proper way to handle a promotion is to have a positive program from within and, if possible, one handled by a selection committee whose decision is based upon demonstrated performance, qualifications and unquestioned eligibility. When a man is promoted, this should be publicized and emphasis placed on his contribution to the team effort.

Management Memo

By ROBERT I. KABAT
Director, NRECA Management Services

THIS memo is devoted to the management ideas of a man who has devoted his life to cooperatives—Murray Lincoln, president of Nationwide Insurance Company, CARE, and the Cooperative League. Lincoln, who was the first County Agricultural Agent in New England and first executive secretary of the Ohio Farm Bureau, expresses in his recent book **Vice-President in Charge of Revolution,** the management views quoted below:

Wages and Salaries

"Farmers aren't, as a rule, generous with hired hands. They won't raise the hand's wages unless he kicks or threatens to quit. This is certainly one of the troubles with farmer cooperatives. They just will not pay the technical and executive hired hands what those hands would get in comparable positions in private industry. They want first-rate leadership at cut-rate prices and, on the whole, they have been lucky that they have gotten it as often as they have.

"Unfortunately, low salaries have been typical of the cooperative movement, whose traditions of poverty and of pinching and scraping have clung to it like moss on a stone that hasn't been moved in centuries. I have kept chipping away at those restrictive and narrow traditions for years because I believe they give people in cooperatives an inferiority complex that hampers the whole movement.

"How do you compensate people for doing for people, in the same manner that they have been compensated for doing things to people? Obviously you cannot compensate them upon the basis of the profits they make, since they are not working for profits. They are working to serve others. They are working to induce others to help themselves. What basis of compensation can you find for that sort of work?

Robert I. Kabat

"The answer we have finally settled upon, and I do not believe it is the proper one, is to pay people on the basis of what they would be paid in comparable business organizations."

Finding and Educating Co-op Employees

"One of the basic principles of management, I believe, is to staff your organization with people who have a fundamental belief in the underlying philosophy of your organization. Now, the orthodox, profit-motivated businessman doesn't have much trouble on that score. He can always find plenty of people who believe that making money is the greatest thing in the world. We don't believe that, and so we have a difficult time finding people.

"What sort of people must we have in our organization? First of all, they must have all the technical efficiency and skills that would be demanded by any business organization. In addition, they must be strongly convinced that we are headed

down the right road, in the right direction. This conviction has to be basic to them, because there are so many opportunities for men to ignore that direction and instead follow the old-time business concepts in a fruitless, foolish paper chase.

"But even within our own organization we are confronted with the necessity of arguing the validity of the cooperative approach with people who get their salaries from a cooperative institution. I hate to have to argue that Christianity is worth while with a minister who is paid to preach it. I have had that argument and it is distasteful to me. It is equally distasteful for me to have to argue that the cooperative approach is going to work with people who are being employed by a cooperative. But I find that we are constantly forced into the position of having to prove its worth to our own people.

"I used to think that once I had charge of an institution I could make it do anything I wanted it to do. But after an organization grows to a certain size it has a life of its own and you can't make it do much of anything, however much power you have to hire and fire. You must work constantly through education, persuasion, and demonstration to get your own people to do what you think ought to be done."

Resistance to Change

"People change whether institutions change or not, and institutions that forget this are left behind. Executives get into ruts. Many people don't want to think. Most people are afraid to tackle something new. Then, too, they get a vested interest in what they are doing and try to defend it to the death. I believe that many people oppose a new idea because they don't feel capable of jumping in and handling it. They would rather oppose it and keep their little jobs down pat as they've got them organized, than try to tackle something that might throw them out of their routines—and possibly out of their jobs.

"My own feeling is that anyone who accepts a job with a cooperative ought to be more willing to risk his position than a man who has joined an old-line business. The man who joins the old-line business does his best to dig in; the man who joins our organization ought to do his best to dig up. The difference is the difference between consolidation and exploration."

On Delegating

"I don't care what sort of a job a man is doing so long as he is plowing ahead and trying one way and then another. My own feeling is that inertia never did anything. A body at rest remains at rest. A body in motion remains in motion and is liable to get somewhere. Who knows if a man is headed in the right direction? He may charge off and do the wrong thing. I never condemn a man for making a mistake. I will condemn a man who plays it cozy, who refuses to expose himself to a failure. Such a man is worse than useless. He tends to spread the paralysis of caution up and down and across an organization. Such a man has no faith in himself and others. And faith in people, I believe, is an important requirement in an executive.

"It comes as a shock when I must stop my associates and say, 'You're not doing right.' I know that I have caused the organization a great deal of loss and injury because I won't stop a man the first instant I learn he is doing something wrong. I would rather allow him to discover for himself that he has gone wrong. I know it is a costly method, but I believe it is the only acceptable one for at least two reasons.

"The first reason is that I'm sure it takes a fairly arrogant man to assume that he knows better than anyone else how a job should be done. I do not pretend to know more than the next man. I hesitate to correct him in the performance of a job which is, after all, his responsibility. The second reason is that if the man in question has gone far enough wrong to satisfy me that he is wrong but not far enough to satisfy himself, a correction from me or from his superior is going to destroy a fraction of his independence. In addition, it's going to instill in him a resentment based on the feeling that he was right and would have been able to demonstrate it if he had not been prematurely checked."

Excerpts reprinted from Vice President in Charge of Revolution, by Murray D. Lincoln. McGraw Hill Book Company, 1960.

employment exchange

> Responses should be directed to NRECA Management Services, 2000 Florida Ave., N.W., Washington 9, D.C., with appropriate code number indicated.

IS THIS YOUR JOB?

EXECUTIVE MANAGER — Statewide trade-service association of 27 electric membership corporations. Staff of seven persons plus two J. T. & S. instructors; publication of **Illinois Rural Electric News** magazine, circulated to 111,000 member consumers; NRECA hospitalization, retirement and insurance plan in effect, plus other fringe benefits. Salary commensurate with abilities of applicant. Minimum qualifications: Age — general — 30 to 50; education four-year college degree (or equivalent in managerial experience); experience—must have had managerial or supervisory experience. Applications must be submitted in own hand writing. All communications, applications and interviews in strictest confidence. Code V-21.

JUNIOR ENGINEER — National Headquarters looking for man with B.S. Degree in Electrical Engineering, should be interested in Rural electric movement. Desirable qualifying experience should include assignments of a technical nature in REA or allied activities. Starting salary—$7223. Code V-20.

CENTRAL OFFICE TELEPHONE EQUIPMENT TECHNICIAN. Maintain AE automatic Kelley K31 carrier. Require rural electric telephone experience with some understanding of electronics. Minimum high school graduate. Top pay and fringe benefits. Central South Dakota. Code V-19.

IS THIS YOUR MAN?

ENGINEER & LINE SUPERINTENDENT. I.C.S. diploma in Electrical Engineering and Electrical Drafting. 11 years' experience with power company as lineman and local manager. 3 years' experience with Electric Co-op. Presently supervising 10 people. Desires same type of work with more opportunity for advancement. Age 39. Code A-25.

MANAGER. 16 years' experience as manager of electric co-op. Thorough knowledge of all phases of operation and administration of electric co-op. Desires similar position. Code A-28.

POWER USE ADVISOR. B.S. Degree, experience as vocational agriculture instructor. Familiar with electrical problems. Has taught rural agriculture and agricultural methods. Age 23. Desires advancement. Code A-32.

STAFF ASSISTANT, MANAGER. B.S. Degree in Agriculture. 6 years' experience as head field man for milk company. Did promotion and technical service for company. Experience in engaging contract haulers, scheduling routes, etc. 5 years with electric cooperative as Farm Service Advisor. Held demonstrations for water systems. Promotional work of writing articles, advertising. Promoted and pioneered electric heating. Wrote articles and features for local cooperative paper. Constant contact with farmers, county agents. Code A-34.

Capital Credit Refunds

MANY electric membership corporations are either refunding or planning to refund capital credits belonging to estates of deceased members. Because of certain difficulties, the handling of refunds can often alienate rather than create good member relations.

Manager Heyward H. McKinney, Pee Dee Electric Membership Corporation, Wadesboro, N. C., reports that they have worked out a plan for their system that is proving satisfactory. He has passed on this information for consideration by other systems.

Pee Dee EMC has recently adopted a policy of refunding capital credits of all deceased members and of all former members that have not been served for a period of three consecutive years.

Returning capital credits to estates can present problems. If the estate is still active and there is an Executor, there is no problem since the refund check can be made payable to the legal representative of the deceased. In the case of members deceased for a longer period of time, Pee Dee EMC sought to handle the refunds through the Clerks of Court. Such an undertaking was quite time-consuming for the Clerks and the amounts involved were often small.

Although legally bound to determine every rightful heir, the Clerks did not display a willingness to expend any great effort. Legal steps necessary for the heir to go through to obtain his refund were not worth the small amount involved, yet he was often left feeling he was being deprived of something that was rightfully his.

Pee Dee EMC feels they have worked out a very satisfactory compromise. Refund checks of $40 or less are given directly to a principal heir of the deceased upon proper application for the refund by the heir. In accepting the refund he is required to sign a certificate stating that, as agent for all the heirs, he will personally accept responsibility for the proper distribution.

Should any heir claim he had not received his share, the EMC would still have a liability but would have grounds for legal action against the agent. In establishing the figure at $40 the board felt that the amounts that could be involved for each heir would be so small that the corporation would actually be taking a very small risk.

If the amount of the refund is more than $40 it is still handled through the Clerks' offices. Having been relieved of the time-consuming task of handling small refunds, the Clerks have shown a willingness to accept this arrangement. By compromising with the Clerk's office, Pee Dee EMC believes that a practical solution has been found to the refund of credits for deceased members where the estates have already been closed.

What Does It Cost to Sign A Check?

According to a study by the Methods and Research Department of the Burroughs Corporation, this cost is:

	If annual Salary is:				
Number of checks signed per week	$5000	$7500	$10,000	$12,000	$15,000
	Then your cooperative's annual cost is:				
50	25.00	37.50	50.00	62.50	75.00
100	50.00	75.00	100.00	125.00	150.00
200	100.00	150.00	200.00	250.00	300.00

This is based on 12 minutes required to hand-sign 50 checks per week, 24 minutes to sign 100 and 48 minutes to sign 200.

THE LEARNING PROCESS FOR MANAGERS, by Nathaniel Cantor. Published by Harper & Bros., New York, 1958. $3.50.

THE theme of this book is how we can develop better managers who are qualified to enhance the skills of their subordinates.

It can be assumed that managers already possess, or can acquire, the necessary technical skills to satisfactorily perform their jobs. The problem frequently is in finding a manager or leader who can assist those who are directly associated with him in becoming more efficient in the performance of their own jobs. The good manager must be adept at the intangible aspects of managing. Many of our most troublesome problems arise when managers do not know how to help their subordinates. Good personal leadership is one of the most effective incentives for improved performance.

Many feel the answer to why men work is "money." It is not that simple. An efficient operation is not merely a matter of formal organization and paying wages for work performed. The work place is also a place where people seek to express and to satisfy social needs. It is here that a man satisfies his need for recognition, worth, and feeling of security and here that he obtains status and opportunities for advancement. This book contains an excellent discussion of this.

The attitude of the manager has much to do with satisfying human relations in the organization, improving operations and reducing waste and inefficiency. Industrial relations research has tended to show that an employee's production does increase when he receives attention from his manager, knows that he is respected as a worker, knows where he stands, has some say in conditions of his work, plays some role in changes introduced, knows his opinion is sought and respected.

All human beings have similarities. We want to be liked, approved of, "belong," be cooperative and be dependent. On the other hand, every normal individual possesses wants, needs, drives, attitudes and sentiments which are peculiarly his own. After a time genuine learning requires a change in behavior. A change in behavior causes a person many problems.

One of the chief functions of a manager is his responsibility to help the growth of the people whom he manages. Effective help is based upon knowledge of what occurs between people working together and upon an understanding of how to make use of that knowledge.

The following excerpts from this book will indicate how the leader of the group can apply his understanding of the learning process. The outstanding qualities of a skilled manager are: (1) He refrains from making narrow moral judgments about his associates and subordinates, (2) he keeps his personal needs under control, (3) he recognizes the importance of the learner's feelings, (4) he starts where the learner is, (5) he accepts differences (permissive atmosphere), and (6) he recreates himself.

This book should prove invaluable to every manager, or to anyone else in or aspiring to supervisory positions. The material covered is intended to give a greater understanding to individual actions, needs and wants. It does not attempt to **give all the answers;** for many of the things discussed there is no easy right or wrong answer. It does stimulate thinking and self-analysis.

Anyone who reads and contemplates on the many points raised in the book should be a far better, wiser and more effective supervisor and leader of men. The book is written in an easy and understandable fashion. It is short—154 pages—and could easily be read in one or two evenings. This book is highly recommended.

—Tom Smith

NRECA Management Services Presents

. . . . Institute and Workshop Programs for You

The board's function in rural electric system management .... **Institute IB**

February 11-12	Prior to NRECA Annual Meeting, Dallas, Tex.
February 27-28	South Dakota

Planning and holding productive board and committee meetings .... **Institute IIB**

February 7-8	Prior to NTCA Annual Meeting, Sheraton Hotel, Dallas, Tex.
February 11-12	Prior to NRECA Annual Meeting, Dallas, Tex.

Appraising systems operations more effectively for directors .... **Institute IIIB**

February 11-12	Prior to NRECA Annual Meeting, Dallas, Tex.

Vitalizing the membership through good member meetings for directors .... **Institute IVB**

January 4-5	Majestic Hotel, Hot Springs, Ark.
January 9-10	Hotel Wade Hampton, Columbia, S.C.
February 27-28	Penn Alto Hotel, Altoona, Pa.
July 31—August 1	Mountain View Hotel, Gatlinburg, Tenn.

Board's role in planning for directors .... **Institute VB**

January 30-31	Kentucky Rural Electric Co-op, 4515 Bishop Lane, Louisville, Ky. (Hotel reservations to be made at the Brown Suburban Hotel)
February 11-12	Prior to Annual Meeting, Dallas, Tex.
March 9-10	Nebraska

Modern management principles, tools and techniques and long-range planning .... **Institute I**

June 5-7	Aberdeen, S. Dak.
July 10-12	Elkhorn Lodge, Estes Park, Colo.

Rural electric organization and wage and salary administration .... **Institute II**

May 31-June 2	Hotel Bancroft, Worcester, Mass.
July 13-15	Elkhorn Lodge, Estes Park, Colo.

Leadership, motivation and human relations .... **Institute III**

March 13-15	East River Electric Power Co-op, Madison, S. Dak.
July 17-19	Elkhorn Lodge, Estes Park, Colo.

Management through participation and getting across to your employees .... **Institute IV**

March 21-24	Marott Hotel, Indianapolis, Ind.
July 20-22	Elkhorn Lodge, Estes Park, Colo.

Developing and appraising subordinates .... **Institute V**

July 10-12	Raleigh, N. C.
July 24-26	Elkhorn Lodge, Estes Park, Colo.
July 31-August 2	Mountain View Hotel, Memphis, Tenn.

Controls, measuring and board reports .... **Institute VI**

January 9-11	Peabody Hotel, Memphis, Tenn.
July 27-29	Elkhorn Lodge, Estes Park, Colo.

Decision-making and applying the basic management functions .... **Institute VIII**

March 20-24	NRECA Building, Washington, D.C. (Hotel reservations to be made at the DuPont Plaza Hotel)
August 7-11	Elkhorn Lodge, Estes Park, Colo.

Improving supervisory skills and techniques .... **Institute II-S**

April 13-14	Wyoming (tentative)

Developing and using a systematic wage and salary plan .... **Workshop I**

January 4-6	Majestic Hotel, Hot Springs, Ark.

Improving office communications and paper work .... **Workshop V-B**

April 18-19	Indiana

Managing the member education/power use program .... **Workshop VI**

January 12-13	Seattle City & Light Auditorium, Seattle, Wash.
January 16-17	Terrace Motor Hotel, Austin, Tex.
March 6-7	Wyoming (tentative)

Financial planning .... **Workshop VII**

January 4-6	Hotel Jefferson, Richmond, Va. (tentative)
January 9-11	University of North Carolina, Chapel Hill, N.C. (Hotel reservations to be made at the Carolina Inn)
January 12-14	Sands Motel, Abilene, Tex.
February 10-12	Prior to the Annual Meeting, Dallas, Tex.
March 29-31	Broadview Hotel, Wichita, Kans.
April 6-8	Nebraska

Improving the management skills of the staff assistant .... **Seminar I**

January 16-20	Town House, Kansas City, Kans.

Retail Rates .... **Seminar**

March 1-3	Kentucky Rural Electric Co-op, 4515 Bishop Lane, Louisville, Ky. (Hotel reservations to be made at the Brown Suburban Hotel)

Lawyers' Seminar

February 11-12	Prior to NRECA Annual Meeting, Dallas, Tex.	**Legal Seminar**

The fact that this is the age of ascendant man, not triumphant machine, has practical consequences. If machines are the decisive thing, then the social arrangements by which we increase our physical plant and equipment will be of first importance. But if it is men that count, then our first concern must be with arrangements for conserving and developing personal talents. It will be these on which progress will depend. . . . For man has not retreated before the machine; rather the machine has become desperately dependent on the improvement of man.

—from *The Liberal Hour*
by JOHN KENNETH GALBRAITH